NEW ISSUE — Book-Entry Only **RATINGS: Standard & Poor's: "AAA" (FGIC-insured)**
"A-"(Underlying)
(See "RATINGS")

In the opinion of Best Best & Krieger LLP, Riverside, California, Bond Counsel, subject, however, to certain qualifications described herein, under existing law, the interest on the 2004 Bonds is excluded from gross income for federal income tax purposes, and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, interest on the 2004 Bonds is exempt from California personal income taxes. See "TAX MATTERS" herein.

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
$24,115,000
Housing Set-Aside Tax Allocation Bonds
2004 Series A

Dated: Date of Delivery **Due: August 1, as shown below**

The Redevelopment Agency of the City of Riverside (the "Agency") is issuing the Housing Set-Aside Tax Allocation Bonds captioned above (the "2004 Bonds").

Authority for Issuance. The 2004 Bonds are being issued in accordance with a Trust Indenture dated as of November 1, 2004 (the "Indenture"), by and between the Agency and U.S. Bank National Association, Los Angeles, California, as trustee (the "Trustee"), and a resolution of the Agency adopted on November 2, 2004.

Bond Terms; Book-Entry Only. The 2004 Bonds will be issued and delivered as fully registered bonds without coupons, and when delivered, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). Payment of principal of and interest on the 2004 Bonds will be paid by the Trustee to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to beneficial owners of the 2004 Bonds as described herein. See "APPENDIX G — BOOK-ENTRY ONLY SYSTEM." Interest on the 2004 Bonds is payable semiannually on each February 1 and August 1, commencing August 1, 2005.

Use of Proceeds. The proceeds of the 2004 Bonds will be used to (i) provide funds to prepay the Agency's obligations under an outstanding 1994 Loan Agreement between the Agency and the Riverside Public Financing Authority (the "Authority") and, as a result of the prepayment, to cause a refunding of related outstanding bonds; (ii) finance a portion of the costs of low and moderate income housing projects (the "Housing Projects") within or of benefit to four redevelopment project areas (collectively, the "Redevelopment Projects") of the Agency, namely the University/Sycamore Redevelopment Project, the Downtown/Airport Redevelopment Project, the Arlington Redevelopment Project and the Magnolia Center Redevelopment Project; (iii) provide for a reserve fund; and (iv) pay the costs of issuing the 2004 Bonds. See "FINANCING PLAN."

Security for the 2004 Bonds. The 2004 Bonds are special obligations of the Agency payable from and secured by Tax Revenues (as defined herein). Tax Revenues are derived from the 20 percent of tax increment allocated to the Agency from the four Redevelopment Projects that the Agency is obligated to deposit into its Low and Moderate Income Housing Fund ("Housing Set-Aside"). See "Existing Senior Obligations; Future Parity Obligations" below. Except for the Tax Revenues and amounts on deposit in certain funds and accounts under the Indenture, no funds or properties of the Agency are pledged to, or otherwise liable for, the principal of, premium (if any) or interest on the 2004 Bonds. See "SECURITY FOR THE 2004 BONDS."

Common Pledge. The City of Riverside (the "City") and the Agency have made findings that the Housing Projects to be financed with proceeds of the 2004 Bonds, even though they may be located outside the Redevelopment Projects, will benefit all four Redevelopment Projects; as a result, Tax Revenues includes Housing Set-Aside generated in each Redevelopment Project without consideration of in which Redevelopment Project the Housing Projects are actually built.

Existing Senior Obligations; Future Parity Obligations. Tax Revenues does not include certain Housing Set-Aside generated in the University/Sycamore Redevelopment Project that is used by the Agency to pay 20% of debt service on two outstanding obligations and in the Downtown/Airport Redevelopment Project that is used to meet one outstanding payment obligation. See "EXISTING SENIOR OBLIGATIONS". The Agency has agreed not to issue any further obligations senior to the 2004 Bonds. The Agency may, however, incur future debt that has a parity claim on Tax Revenues. "See "SECURITY FOR THE 2004 BONDS — Issuance of Additional Debt".

Redemption. The 2004 Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity. See "THE 2004 BONDS — Redemption."

The payment of principal of and interest on the 2004 Bonds when due will be insured by a financial guaranty insurance policy to be issued concurrently with the delivery of the 2004 Bonds by Financial Guaranty Insurance Company, doing business in California as FGIC Insurance Company, simultaneously with the delivery of the Bonds.

FGIC Financial Guaranty Insurance Company

NEITHER THE 2004 BONDS NOR THE AGENCY'S OBLIGATIONS UNDER THE INDENTURE ARE A DEBT OF THE CITY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE AGENCY) AND NEITHER THE CITY, THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE AGENCY) IS LIABLE FOR THE 2004 BONDS. THE 2004 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE MEMBERS OF THE CITY, THE AUTHORITY, THE AGENCY NOR ANY PERSONS EXECUTING THE 2004 BONDS ARE LIABLE PERSONALLY ON THE 2004 BONDS BY REASON OF THEIR ISSUANCE. THE AGENCY HAS NO TAXING POWER.

MATURITY SCHEDULE
(see inside cover)

This cover page contains certain information for quick reference only. It is not a summary of the issue. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Investment in the 2004 Bonds involves risks which may not be appropriate for some investors. See "BOND OWNERS' RISKS" for a discussion of special risk factors that should be considered in evaluating the investment quality of the Bonds.

The 2004 Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Best Best & Krieger LLP, Riverside, California, Bond Counsel, and subject to certain other conditions. Jones Hall, A Professional Law Corporation, San Francisco, California, is acting as counsel to the Underwriter. Certain legal matters will be passed on for the Agency, the City and the Authority by the City Attorney. It is anticipated that the 2004 Bonds, in book-entry form, will be available for delivery on or about November 30, 2004.

STONE & YOUNGBERG LLC

The date of this Official Statement is November 17, 2004

MATURITY SCHEDULE

(Base CUSIP:† 769045)
$17,025,000 Serial Bonds

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	CUSIP†	Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	CUSIP†
2005	$505,000	3.000%	1.870%	PZ2	2016	$825,000	3.875%	4.000%	QL2
2006	565,000	4.000	2.100	QA6	2017	860,000	4.000	4.120	QM0
2007	585,000	4.000	2.240	QB4	2018	890,000	4.125	4.220	QN8
2008	610,000	4.000	2.430	QC2	2019	925,000	4.200	4.320	QP3
2009	635,000	4.000	2.730	QD0	2020	1,165,000	4.500	4.420	QQ1
2010	660,000	4.000	3.030	QE8	2021	1,215,000	4.500	4.530	QR9
2011	685,000	4.000	3.220	QF5	2022	1,085,000	4.500	4.600	QS7
2012	715,000	4.000	3.400	QG3	2023	1,135,000	4.500	4.700	QT5
2013	740,000	3.500	3.570	QH1	2024	820,000	4.625	4.750	QU2
2014	770,000	3.500	3.670	QJ7	2025	840,000	4.625	4.800	QV0
2015	795,000	3.750	3.820	QK4					

$2,425,000 5.000% Term Bond due August 1, 2028, Yield: 4.820% CUSIP:† QW8

$4,665,000 4.850% Term Bond due August 1, 2034, Yield: 4.850% CUSIP:† QX6

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE

CITY OF RIVERSIDE

Agency Board of Directors

Ronald O. Loveridge, Mayor
Dom Betro, Chairperson
Ameal Moore, Member
Art Gage, Member
Frank Schiavone, Member
Ed Adkison, Member
Nancy Hart, Member
Steve Adams, Member

Agency Staff

Michael J. Beck, Executive Director
Paul C. Sundeen, Treasurer
Colleen J. Nicol, Secretary
Brent A. Mason, Assistant Treasurer
Carol A. Britton, Development Fiscal Manager
Conrad Guzkowski, Redevelopment Program Manager
Greg Priamos, Esq., City Attorney/Agency Counsel
Tranda Drumwright, Housing and Community Development Manager

Special Services

Bond Counsel

Best Best & Krieger LLP
Riverside, California

Trustee

U.S. Bank National Association
Los Angeles, California

Fiscal Consultant

DHA Consulting
Long Beach, California

Verification Agent

McGladrey & Pullen
Minneapolis, Minnesota

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the 2004 Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2004 Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the Agency or any other parties described in this Official Statement, or in the condition of the security for the 2004 Bonds since the date of this Official Statement.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the 2004 Bonds referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the 2004 Bonds.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

Involvement of Underwriter. The Underwriter has submitted the following statement for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibility to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Document References and Summaries. All references to and summaries of the Indenture or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

Bonds are Exempt from Securities Laws Registration. The issuance and sale of the 2004 Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE AGENCY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

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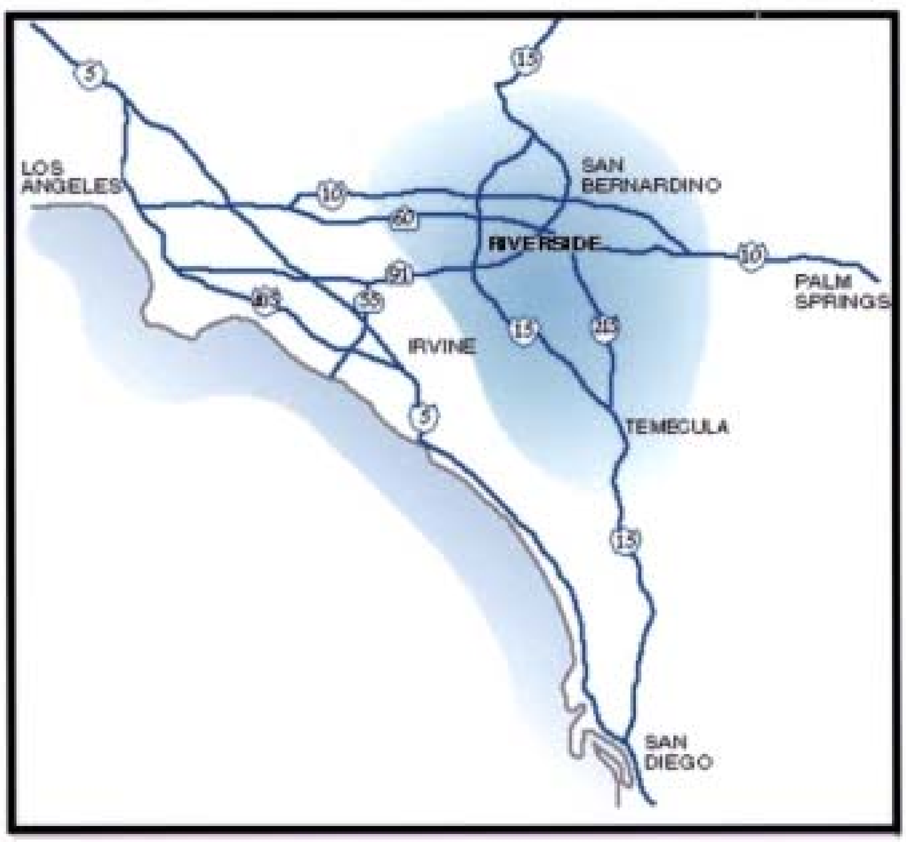
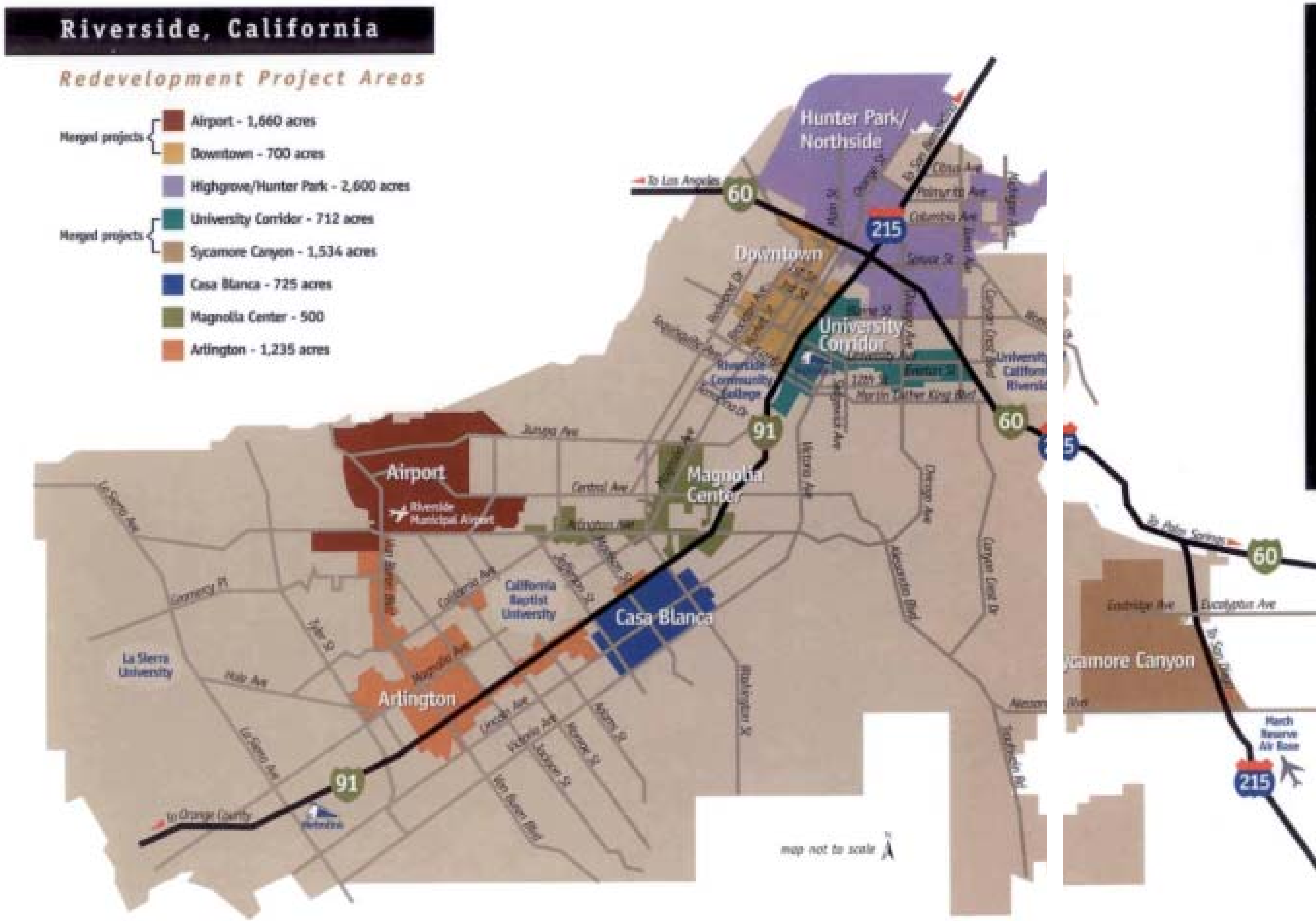
City of Riverside
Regional Location Map



Redevelopment Project Areas—Riverside, CA



OFFICIAL STATEMENT

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
$24,115,000
Housing Set-Aside Tax Allocation Bonds
2004 Series A

INTRODUCTION

This Official Statement, including the cover page and the attached appendices, provides information regarding the issuance by the Redevelopment Agency of the City of Riverside (the "**Agency**") of the bonds captioned above (the "**2004 Bonds**").

Authority for Issuance

The 2004 Bonds are being issued under the Community Redevelopment Law, constituting Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California (the "**Redevelopment Law**") and a resolution of the Agency adopted on November 2, 2004.

The 2004 Bonds will be issued under a Trust Indenture (the "**Indenture**"), dated as of November 1, 2004, by and between the Agency and U.S. Bank National Association, as trustee (the "**Trustee**").

Purpose of Issuance

The proceeds of the 2004 Bonds will be used for the following purposes:

- To provide funds to prepay the Agency's obligations under an outstanding 1994 Loan Agreement between the Agency and the Riverside Public Financing Authority (the "Authority") and, as a result of the prepayment, to cause a refunding of a related series of bonds issued by the Authority and a partial redemption of two series of bonds issued by the Association of Bay Area Governments ("ABAG"). See "FINANCING PLAN - Refinancing of the 1994 Loan Agreement, the 1994 Authority Bonds and the 1994 ABAG Bonds" below.

- To provide for a reserve fund.

- To pay the costs of issuing the 2004 Bonds.

- To finance a portion of the costs of low and moderate income housing projects (the "**Housing Projects**") within or of benefit to the following four redevelopment project areas (collectively, the "**Redevelopment Projects**") of the Agency (see "FINANCING PLAN – The Housing Projects" below):

  (i) the merged Central Industrial and Sycamore Canyon and Box Springs Industrial Park Redevelopment Projects (the "**University/Sycamore Redevelopment Project**"),

(ii) Arlington Redevelopment Project (the "**Arlington Redevelopment Project**"),

(iii) Magnolia Center Redevelopment Project (the "**Magnolia Center Redevelopment Project**") and

(iv) the merged Downtown and Airport Industrial Redevelopment Projects (the "**Downtown/Airport Redevelopment Project**").

Security for the 2004 Bonds

Security for the 2004 Bonds. The 2004 Bonds are limited obligations of the Agency secured by a pledge of and first lien on "**Tax Revenues**". Tax Revenues is, in general, defined in the Indenture as the 20 percent portion of tax increment revenues derived from the four Redevelopment Projects which, pursuant to the Redevelopment Law, must be deposited in the Agency's Low and Moderate Income Housing Fund ("**Housing Set-Aside**"). Tax Revenues does not include that portion of the Housing Set-Aside used by the Agency to pay the following senior obligations of the Agency (the "**Existing Senior Obligations**"):

- <u>University /Sycamore Redevelopment Project</u>: the Agency has pledged moneys in the Agency's Low and Moderate Income Housing Fund derived from the University/Sycamore Redevelopment Project as security for its obligation to pay 20% of debt service on two series of bonds:

  (i) Tax Allocation Bonds 1999 Series A (University Corridor/Sycamore Canyon Merged Redevelopment Project) (the "1999 Series A Bonds")

  (ii) Subordinate Tax Allocation Bonds, 1999 Series B (University Corridor/Sycamore Canyon Merged Redevelopment Project) (the "1999 Series B Bonds", and together with the 1999 Series A Bonds, the "1999 Bonds")

- <u>Downtown/Airport Redevelopment Project</u>: the Agency has pledged moneys in the Agency's Low and Moderate Income Housing Fund derived from the Downtown/Airport Redevelopment Project as security for its payments obligations under an Agreement for Pledge and Repayment of Redevelopment Agency Airport/Downtown Low and Moderate Income Housing Fund (Breezewood Apartments Project) between the Agency and KDF Breezewood, L.P., a California limited partnership and dated October 7, 2003 (the "**Breezewood Pledge Agreement**").

The Agency is permitted under the Indenture to incur additional obligations ("**Parity Bonds**," and together with the 2004 Bonds, "**Bonds**") secured by a pledge of Tax Revenues on a parity with the pledge of Tax Revenues to the 2004 Bonds.

See "SECURITY FOR THE 2004 BONDS " and "EXISTING SENIOR OBLIGATIONS".

Common Pledge. The City of Riverside (the "**City**") and the Agency have made findings that the Housing Projects financed with proceeds of the 2004 Bonds, although they may be located outside the Redevelopment Projects, will benefit all four Redevelopment Projects; as a result, Tax Revenues includes Housing Set-Aside generated in each Redevelopment Project without consideration of in which Redevelopment Project the Housing Projects are actually built. All of the Tax Revenues received in any fiscal year from each of the four Redevelopment Projects will be deposited in the Special Fund of the Agency and used as set forth in the Indenture. See "SECURITY FOR THE 2004 BONDS – Special Fund; Deposit of Tax Revenues" herein.

Bond Insurance. Concurrently with issuance of the 2004 Bonds, Financial Guaranty Insurance Company, doing business in California as FGIC Insurance Company (the "**Bond Insurer**" or "**Financial Guaranty**") will issue its Municipal Bond New Issue Insurance Policy (the "**Municipal Bond New Issue Insurance Policy**") for the 2004 Bonds. The Municipal Bond New Issue Insurance Policy unconditionally guarantees the payment of that portion of the principal of and interest on the 2004 Bonds which becomes due for payment, but which is unpaid. See "MUNICIPAL BOND NEW ISSUE INSURANCE POLICY" and APPENDIX F – "SPECIMEN MUNICIPAL BOND NEW ISSUE INSURANCE POLICY."

Tax Allocation Financing

The Redevelopment Law provides a means for financing redevelopment projects based upon an allocation of taxes collected within a designated redevelopment project area. The redevelopment agency establishes the taxable valuation of a redevelopment project area as last equalized before the adoption of the redevelopment plan, or base roll (the "**Base Year Valuation**"). Subsequently, the taxing agencies receive the taxes produced by the levy of the then-current tax rate upon the Base Year Valuation (except for any period during which the taxable valuation drops below the Base Year Valuation).

Taxes collected upon any increase in taxable valuation over the Base Year Valuation are allocated to a redevelopment agency and may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing or refinancing a redevelopment project. No less than 20% of taxes allocated to a redevelopment agency (i.e, the Housing Set-Aside) must be set aside in a separate fund to develop and maintain low- and moderate-income housing in the City. Redevelopment agencies themselves have no taxing power.

Tax Revenues which secure the 2004 Bonds consist solely of the Housing Set-Aside less that portion of the Housing Set-Aside used by the Agency to pay the Existing Senior Obligations.

The City and the Agency

The City. The City of Riverside (the "**City**") is located in the County of Riverside (the "**County**"). The City encompasses approximately 85.6 square miles in the western portion of Riverside County, about 60 miles east of downtown Los Angeles and approximately 90 miles north of San Diego. The City is the county seat of the County. The City was first incorporated in 1883, and operates under a charter adopted in 1953, which provides for a Council-Manager form of government. Seven council members are elected by districts, for four-year staggered terms; the mayor is elected on a City-wide basis. The positions of City Clerk, City Manager and City Attorney are filled by appointments of the City Council. The current population of the City is approximately 277,000. For certain information with respect to the City, see APPENDIX B - "CITY OF RIVERSIDE DEMOGRAPHIC INFORMATION."

The Agency. The Agency was activated in 1967 pursuant to the Redevelopment Law. The seven members of the City Council also serve as members of the Agency and exercise all rights, power and duties and privileges of the Agency.

Definitions and Summaries

Definitions of certain terms used in this Official Statement are set forth in "APPENDIX A - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS." This Official Statement contains brief descriptions of, among other things, the 2004 Bonds, the Indenture, the Agency and the Redevelopment Projects. Such descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to documents are qualified in their entirety by reference to those documents, and references to the 2004 Bonds are qualified in their entirety by reference to the forms of Bond included in the Indenture. Copies of the Indenture and other documents described in this Official Statement may be obtained from the Trustee.

Professionals Involved in the Financing.

DHA Consulting, Long Beach, California, is acting as fiscal consultant to the Agency and has prepared an analysis of taxable values and tax increment revenue with respect to the Redevelopment Projects. See APPENDIX H - "FISCAL CONSULTANT REPORT".

All proceedings in connection with the issuance of the 2004 Bonds are subject to the approval of Best Best & Krieger, LLP, Riverside, California, as bond counsel. Jones Hall, A Professional Law Corporation, San Francisco, California, is acting as underwriter's counsel to Stone & Youngberg LLC. Certain matters will be passed upon for the Agency, the City and the Authority by the City Attorney. Payment of the fees and expenses of bond counsel, underwriter's counsel and the underwriter is contingent upon issuance of the 2004 Bonds.

FINANCING PLAN

Refinancing of the 1994 Loan Agreement, the 1994 Authority Bonds and the ABAG Bonds

1994 Loan Agreement. The Agency previously entered into a Low and Moderate Income Housing Loan Agreement dated as of June 1, 1994 (the "**1994 Loan Agreement**") to borrow $12,090,000 from the Authority, for the purpose of refinancing and financing low and moderate income housing projects within or of benefit to the Redevelopment Projects.

1994 Authority Bonds. Concurrently with the execution and delivery of the 1994 Loan Agreement, the Authority issued its $12,090,000 aggregate principal amount 1994 Refunding Revenue Bonds, Series A (Multiple Project Loans) (the "**1994 Authority Bonds**"). The 1994 Authority Bonds are payable from loan payments made by the Agency under the 1994 Loan Agreement.

ABAG Bonds. The 1994 Authority Bonds were purchased by the Association of Bay Area Governments ("**ABAG**") with a portion of the proceeds of two series of bonds (collectively, the "**ABAG Bonds**"):

- $32,365,000 Association of Bay Area Governments 1994 Tax Allocation Revenue Bonds, Series A (California Redevelopment Agency Pool)

- $11,330,000 Association of Bay Area Governments 1994 Subordinated Tax Allocation Revenue Bonds, Series B (California Redevelopment Agency Pool)

Proceeds of the ABAG Bonds were also used to fund the acquisition of obligations of other California redevelopment agencies. The portion of the ABAG Bonds used to purchase the 1994 Authority Bonds is payable from debt service payments made by the Authority on the 1994 Authority Bonds.

Plan of Refinancing. A portion of 2004 Bond proceeds is being used for the following purpose:

1994 Loan. On December 1, 2004, pay the scheduled payment under the 1994 Loan Agreement and prepay the remaining amounts due under the 1994 Loan Agreement (at a prepayment price of 102%). Amounts received by the Authority as a result of the prepayment by the Agency of the 1994 Loan will be used by the Authority to redeem the 1994 Authority Bonds.

1994 Authority Bonds. On December 1, 2004, pay the scheduled principal and interest payment on the 1994 Authority Bonds and redeem the remaining outstanding 1994 Authority Bonds (at a redemption price of 102%). Amounts received by ABAG as a result of redemption of the 1994 Authority Bonds will be used by ABAG to redeem a corresponding portion of the outstanding ABAG Bonds.

ABAG Bonds. On December 15, 2004, pay the scheduled principal and interest payment on the portion of the ABAG Bonds that corresponds to the 1994 Authority Bonds and redeem the portion of the remaining outstanding ABAG Bonds (at a redemption price of 102%) that corresponds to the 1994 Authority Bonds.

The Agency, the Authority and U.S. Bank National Association, as escrow bank (the "**Escrow Bank**") will enter into an Escrow Deposit and Trust Agreement (the "**Escrow Agreement**") under which the Escrow Bank will establish an Escrow Fund (the "**Escrow Fund**"), into which a portion of the 2004 Bonds and other available funds held for the 1994 Bonds will be deposited concurrent with the original delivery of the 2004 Bonds.

Moneys into the Escrow Fund will be held uninvested and will be sufficient for the purposes described in the preceding paragraphs. Sufficiency of the deposits for those purposes will be verified by McGladrey & Pullen, Minneapolis, Minnesota. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" below.

The Housing Projects

The Agency expects to use certain proceeds of the 2004 Bonds to finance the following Housing Projects of benefit to the Redevelopment Projects:

Indiana Avenue (Autumn Ridge Apartments): purchase and rehabilitation of the final two properties (consisting of 8 units) of a larger project.

Chicago/Linden: planning for a 468-unit low and moderate income rental housing development (with purchase and rehabilitation to be financed at a later date).

Downtown Infill Pilot Program: develop a set of approved, ready-to-use plans and payment of subsidies of construction costs to encourage development of affordable single-family homes on residential infill lots in the downtown area.

Affordable Home Ownership Development: along with the Riverside Housing Development Corporation, develop approximately 25 affordable, for-sale, housing units in the Arlanza Area.

Westside Senior Housing Development: participate in land assembly or infrastructure development for a very-low income senior apartment project to be owned and operated by the East Los Angeles Community Union.

Estimated Sources and Uses of Funds

The following is a table of estimated sources and uses of funds with respect to the 2004 Bonds.

Sources:	
Par Amount	$24,115,000.00
Plus: Other Available Moneys	1,555,759.79 (1)
Plus: Original Issue Premium	112,795.35
Less: Underwriter's Discount	(139,778.60)
Total Sources	$25,643,776.54
Uses:	
Costs of Issuance (2)	$ 467,527.34
Deposit to Reserve Account	1,753,473.15
Deposit to Escrow Fund	10,722,776.05
Deposit to Housing Projects Fund (3)	12,700,000.00
Total Uses	$25,643,776.54

(1) Includes moneys related to the 1994 Authority Bonds and the ABAG Bonds and moneys available to the Agency.
(2) Includes premium for the Municipal Bond New Issue Insurance Policy, fees and expenses of bond counsel, trustee and escrow agent fees and expenses, costs of printing the preliminary and final official statement and rating agency fees.
(3) To be used to finance the Housing Projects.

THE 2004 BONDS

Description

The 2004 Bonds will be issued in fully registered form without coupons in denominations of $5,000 or any integral multiple of $5,000.

The 2004 Bonds will be issued only as one fully registered bond for each maturity of each Series, in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**"), as registered owner of all of the 2004 Bonds. See "APPENDIX G - BOOK-ENTRY ONLY SYSTEM." Ownership may be changed only upon the registration books maintained by the Trustee as provided in the Indenture.

The 2004 Bonds will be dated their date of issuance and will mature on the dates and in the amounts, and will bear interest (calculated on the basis of a 360 day year comprised of twelve 30-day months) at the rates, set forth on the inside front cover of this Official Statement.

Interest on the 2004 Bonds will be payable on each February 1 and August 1, commencing August 1, 2005 (each, an "**Interest Payment Date**").

Interest on the 2004 Bonds is payable on each Interest Payment Date until maturity or prior redemption, as provided in the Indenture. Each 2004 Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before July 15, 2005 in which event it shall bear interest from their date of issuance. If at the time of authentication interest is in default, the 2004 Bond shall bear interest from the Interest Payment Date to or for which interest has been paid.

Redemption

Optional Redemption. The 2004 Bonds maturing on or before August 1, 2014, are not subject to call and redemption prior to maturity. The 2004 Bonds maturing on or after August 1, 2015 will be subject to call and redemption prior to maturity, at the option of the Agency, as a whole or in part, on any date, among maturities as shall be determined by the Agency, and by lot within each maturity (each 2004 Bond being deemed to be composed of $5,000 portions with each such portion being separately redeemable), from funds derived by the Agency from any source, on or after August 1, 2014 at a redemption price for each redeemed 2004 Bond equal to the principal amount thereof, with accrued interest to the date of redemption, without premium.

Sinking Fund Redemption. The 2004 Bonds maturing on August 1, 2028 and August 1, 2034 are subject to mandatory sinking fund redemption in part, by lot, on each August 1, from mandatory sinking fund payments set aside in the Principal Account, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, in the aggregate respective principal amounts and on the dates set forth below:

Term Bond Due August 1, 2028

Payment Date (August 1)	Amount
2026	$875,000
2027	715,000
2028 (maturity)	835,000

Term Bond Due August 1, 2034

Payment Date (August 1)	Amount
2029	$860,000
2030	900,000
2031	745,000
2032	780,000
2033	820,000
2034 (maturity)	560,000

If some but not all of the 2004 Bonds have been optionally redeemed, the total amount of all future Sinking Account payments set forth above will be reduced by the combined principal amount of 2004 Bonds optionally redeemed, to be allocated among the Sinking Account payments as are subsequently payable on a pro rata basis in integral multiples of $5,000 as determined by the Trustee.

Open Market Purchase of 2004 Bonds

The Agency may at any time buy 2004 Bonds, of any series at public or private sale at a price which, inclusive of brokerage fees, will not exceed the par amount of the 2004 Bonds so purchased, plus any applicable premium and any 2004 Bonds so purchased shall be tendered to the Trustee for cancellation.

Notice of Redemption

The Trustee, on behalf and at the expense of the Agency, will mail, not less than 30 nor more than 60 days prior to the redemption date by first class mail to each of the Owners designated for redemption at their addresses appearing on the 2004 Bond registration books of the Trustee on the date such 2004 Bonds are selected for redemption.

Each notice of redemption must (a) state the redemption date; (b) state the redemption price; (c) state the place or places of redemption; (d) state the CUSIP numbers of the 2004 Bonds to be redeemed, the individual number of each 2004 Bond to be redeemed or that all

2004 Bonds between two stated numbers (both inclusive) or that all of the 2004 Bonds are to be redeemed and, in the case of 2004 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed; (e) state that on the redemption date there will become due and payable on each 2004 Bond the redemption price thereof and that from and after such redemption date interest thereon shall cease to accrue; and (f) require that such 2004 Bonds be then surrendered, with a written instrument of transfer duly executed by the Owner thereof or by his attorney duly authorized in writing if payment is to be made to a person other than the Owner.

Except in the case of optional redemption from the issuance of refunding obligations, the Trustee will not mail a redemption notice prior to the receipt of funds required for the redemption. Any notice of optional redemption from the issuance of proceeds of refunding bonds shall state that such redemption is subject to the receipt of proceeds for such refunding obligations. Any optional redemption notice sent by the Trustee prior to the receipt of proceeds of refunding obligations may be rescinded if such refunding obligations are not issued and proceeds thereof are not received by the Trustee, upon the mailing to the 2004 Bond Owners by the Trustee of a written notice of such rescission, in which event the 2004 Bonds will not be redeemed and interest will continue to accrue thereon.

Other Redemption Provisions

Partial Redemption. If only a portion of any 2004 Bond is called for redemption, then upon surrender of that 2004 Bond the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Agency, a new 2004 Bond or 2004 Bonds of authorized denomination, and of the same maturity and series and equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

Effect of Redemption. When notice of redemption has been and when the amount necessary for the redemption of the 2004 Bonds called for redemption has been set aside for that purpose, the 2004 Bonds designated for redemption shall become due and payable on the redemption date thereof at the place specified in the notice of redemption. Such 2004 Bonds shall be redeemed and paid at said redemption price, and no interest will accrue on such 2004 Bonds called for redemption from and after the redemption date specified in such notice.

All 2004 Bonds so redeemed will be canceled by the Trustee and will not be reissued. All unpaid interest with respect to the 2004 Bonds payable at or prior to the redemption date will continue to be payable to the respective Owners thereof, or their order, but without interest thereon.

Debt Service Schedule

The following table sets forth annual debt service on the 2004 Bonds. See "EXISTING SENIOR OBLIGATIONS" for a description of certain obligations of the Agency payable from Housing Set-Aside on a basis senior to the 2004 Bonds. See also "AGGREGATE PROJECTED TAX REVENUES AND ESTIMATED DEBT SERVICE COVERAGE" for projected debt service coverage on the 2004 Bonds provided by the Tax Revenues.

Year Ending (August 1)	Principal	Interest	Total
2005	$505,000	$ 702,395.33	$1,207,395.33
2006	565,000	1,034,071.26	1,599,071.26
2007	585,000	1,011,471.26	1,596,471.26
2008	610,000	988,071.26	1,598,071.26
2009	635,000	963,671.26	1,598,671.26
2010	660,000	938,271.26	1,598,271.26
2011	685,000	911,871.26	1,596,871.26
2012	715,000	884,471.26	1,599,471.26
2013	740,000	855,871.26	1,595,871.26
2014	770,000	829,971.26	1,599,971.26
2015	795,000	803,021.26	1,598,021.26
2016	825,000	773,208.76	1,598,208.76
2017	860,000	741,240.02	1,601,240.02
2018	890,000	706,840.02	1,596,840.02
2019	925,000	670,127.52	1,595,127.52
2020	1,165,000	631,277.52	1,796,277.52
2021	1,215,000	578,852.52	1,793,852.52
2022	1,085,000	524,177.52	1,609,177.52
2023	1,135,000	475,352.52	1,610,352.52
2024	820,000	424,277.52	1,244,277.52
2025	840,000	386,352.52	1,226,352.52
2026	875,000	347,502.50	1,222,502.50
2027	715,000	303,752.50	1,018,752.50
2028	835,000	268,002.50	1,103,002.50
2029	860,000	226,252.50	1,086,252.50
2030	900,000	184,542.50	1,084,542.50
2031	745,000	140,892.50	885,892.50
2032	780,000	104,760.00	884,760.00
2033	820,000	66,930.00	886,930.00
2034	560,000	27,160.00	587,160.00
TOTAL	$24,115,000	$17,504,659.37	$41,619,659.37

SECURITY FOR THE 2004 BONDS

Security for the 2004 Bonds

Subject only to the payment and reimbursement of the fees, charges and expenses of the Trustee, as provided in the Indenture, the 2004 Bonds (and any Parity Bonds) are secured by:

- a first lien and pledge of all of the Tax Revenues,
- a pledge of all of the moneys in the Special Fund, the Bond Fund, the Interest Account, the Principal Account, the Reserve Account and the Redemption Fund, and
- all amounts derived from the investment of the moneys in these accounts.

Allocation of Taxes

As provided in the Redevelopment Plans, and in Article 6 of Chapter 6 of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State of California, taxes levied upon taxable property in a Redevelopment Project each year by or for the benefit of the State of California, any city, county, city and county, district, or other public corporation for fiscal years beginning after the effective date of the ordinance approving a Redevelopment Plan shall be divided as follows:

1. That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of said taxing agencies upon the total sum of the assessed value of the taxable property in the Redevelopment Project as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to the effective date of the ordinance approving the Redevelopment Plan shall be allocated to, and when collected shall be paid into the funds of the respective taxing agencies as taxes by or for said taxing agencies on all other property are paid; and

2. Except for taxes which are attributable to a tax levy by a taxing agency for the purpose of producing revenues to repay bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989, which shall be allocated to and when collected shall be paid to the applicable taxing agency, that portion of levied taxes each year in excess of such amount will be allocated to, and when collected, will be paid to the Agency to pay the principal of and interest on loans to, money advanced to, or indebtedness incurred by the Agency to finance redevelopment projects.

Pledge of Tax Revenues

The 2004 Bonds (and any Parity Bonds) are secured by a first pledge of and lien on "**Tax Revenues**", which consists of a portion of the Housing Set-Aside generated in the Redevelopment Projects.

The Indenture defines "Tax Revenues" as that portion of taxes annually allocated to the Agency with respect to the Redevelopment Projects following the Closing Date pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section

16 of Article XVI of the Constitution of the State and as provided in the Redevelopment Plans, including all payments, subventions and reimbursements (if any) to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations, that are required to be deposited into the Low and Moderate Income Housing Fund of the Agency in any Fiscal Year pursuant to Sections 33334.2 and 33334.3 of the Redevelopment Law, but subject to the following limitations (see "EXISTING SENIOR OBLIGATIONS" below):

- University /Sycamore Project: Tax Revenues does not include any such taxes used to pay 20% of debt service on the following Agency bonds:

  (i) Tax Allocation Bonds 1999 Series A (University Corridor/Sycamore Canyon Merged Redevelopment Project) (the "**1999 Series A Bonds**")

  (ii) Subordinate Tax Allocation Bonds, 1999 Series B (University Corridor/Sycamore Canyon Merged Redevelopment Project) (the "**1999 Series B Bonds**", and together with the 1999 Series A Bonds, the "**1999 Bonds**")

- Downtown/Airport Redevelopment Project: Tax Revenues does not include any such taxes used by the Agency to pay "**Annual Loan Proceeds**" under that certain Agreement for Pledge and Repayment of Redevelopment Agency Airport/Downtown Low and Moderate Income Housing Fund (Breezewood Apartments Project) between the Agency and KDF Breezewood, L.P., a California limited partnership and dated October 7, 2003 (the "**Breezewood Pledge Agreement**").

Special Fund; Deposit of Tax Revenues

The Agency will establish and hold a special fund to be known as the "Housing Set-Aside Tax Allocation Bonds Special Fund" (the "**Special Fund**"). The Agency is required to deposit all of the Tax Revenues received in any Bond Year in the Special Fund; provided, that the Agency will not be obligated to deposit in the Special Fund in any Bond Year an amount of Tax Revenues which, together with other available amounts in the Special Fund exceeds the amounts required to be transferred to the Trustee for deposit in the Interest Account, Principal Account and the Reserve Account in such Bond Year.

On or before the fifth day immediately preceding each Interest Payment Date, the Agency shall transfer from the Special Fund to the Bond Fund an amount equal to the principal and interest owing on the 2004 Bonds on such Interest Payment Date and an amount, if any, necessary to increase the amount in the Reserve Account to the Reserve Requirement. Any Tax Revenues received by the Agency during any Bond Year in excess of the amounts required to be transferred to the Trustee for deposit into the Interest Account, the Principal Account and the Reserve Account in such Bond Year shall be released from the pledge and lien of the Indenture and may be used for any lawful purposes of the Agency.

Issuance of Additional Debt

Issuance of Parity Debt. The Agency has covenanted not to issue obligations with a lien on Tax Revenues senior to the lien of the 2004 Bonds. However, in addition to the 2004 Bonds, the Indenture authorizes the Agency to incur additional obligations payable from Tax Revenues equally and ratably with the 2004 Bonds ("**Parity Debt**"), subject to the conditions set forth in the Indenture, including the following (see APPENDIX A - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" for a more complete summary of the conditions for issuance of Parity Debt):

(a) The Agency may not be in default under the Indenture;

(b) The Agency must certify to the Trustee that Tax Revenues to be allocated and paid to the Agency in each Fiscal Year during the term of the Parity Bonds, as projected by a Redevelopment Consultant, taking into account all Redevelopment Plan limitations, tax sharing agreements and other factors which would cause a reduction in Tax Revenues in any future Fiscal Year, will be at least equal to 125% of the annual amount of debt service coming due and payable in the corresponding Fiscal Year on all Bonds which will be Outstanding following the issuance of such Parity Bonds (including the 2004 Bonds and any then-outstanding Parity Bonds);

(c) The Agency must certify to the Trustee that the issuance of the Parity Bonds will not cause the Agency to exceed any applicable limitations under the Redevelopment Plans;

(d) The Supplemental Indenture authorizing the issuance of Parity Bonds must provide that (i) interest on the Parity Bonds will be calculated at a fixed interest rate if the Agency determines in such Supplemental Indenture that it is to be paid on a current basis, and must be payable on February 1 and August 1, and (ii) the principal of the Parity Bonds must be payable on August 1;

(e) Money must be deposited in the Reserve Account or in a subaccount therein (or the Agency must provide a reserve fund letter of credit, bank insurance policy or other comparable credit facility) in an amount equal to the Reserve Requirement for all outstanding Bonds, including the 2004 Bonds, any then-outstanding Parity Bonds and the proposed Parity Bonds; and

(f) The Agency must certify to the Trustee that the conditions precedent to the issuance of the Parity Bonds set forth in the Indenture have been satisfied and that the required deposit into the Reserve Account has been made.

In addition, the Agency must provide an opinion of Bond Counsel that the execution of the Supplemental Indenture has been duly authorized by the Agency in accordance with the Indenture; that the Parity Bonds, when duly executed by the Agency and authenticated and delivered by the Trustee, will be legally valid and binding limited obligations of the Agency; and that the issuance of the Parity Bonds will not in and of itself impair the exclusion for federal income tax purposes of interest on any Outstanding Bonds (including the 2004 Bonds).

For purposes of calculating the 125 percent coverage requirement summarized in paragraph (b) above, the Agency is not obligated to include a principal amount of such Parity Bonds equal to the proceeds of the Parity Bonds to be deposited in an escrow fund established for such Parity Bonds (the "**Escrowed Bonds**"), provided that the Supplemental Indenture authorizing the issuance of such Parity Bonds provides that:

(1) The proceeds are invested in Permitted Investments (as defined in the Indenture), and an amount equal to the difference between the projected interest earnings on such proceeds and the interest due on the Escrowed Bonds is deposited in the Interest Account so as to pay interest on the Escrowed Bonds as it becomes due and payable;

(2) Moneys may be transferred from the escrow fund established for the Escrowed Bonds only if a certificate of the Agency establishes that the amount of Tax Revenues after the proposed transfer date to be allocated and paid to the Agency in each Fiscal Year during the term of the Parity Bonds as projected by a Redevelopment Consultant taking into account all Redevelopment Plan limitations, tax sharing agreements and other factors which would cause a reduction in Tax Revenues in any future Fiscal Year, will be at least 125% of the annual amount of debt service coming due and payable in the corresponding Fiscal Year on all Bonds (including the 2004 Bonds and all Parity Bonds) excluding the remaining Escrowed Bonds) which will be Outstanding following such transfer date;

(3) The Agency certifies to the Trustee with respect to the matters set forth in subsection (b) above, provided that such certification includes the Escrowed Bonds;

(4) The Parity Bonds will be redeemed from moneys remaining on deposit in the escrow fund established for the Escrowed Bonds at the expiration of a specified escrow period in such manner as may be determined by the Agency in the Supplemental Indenture; and

(5) The Bond Insurer is provided with notice of the issuance of such Escrow Bonds and a copy of the related Supplemental Indenture.

Refunding Bonds which do not defease all of the 2004 Bonds may be issued without the consent of the Bond Insurer, provided there is no increase in Maximum Annual Debt Service.

The issuance of variable rate indebtedness (indebtedness which does not bear a fixed rate of interest to maturity) or balloon indebtedness (indebtedness of which 25% or more of the principal amount comes or may come due in any one fiscal year by maturity, mandatory sinking fund redemption or optional or mandatory tender by the holder thereof) by the Agency, is subject to the prior approval of the Bond Insurer.

Any computations establishing that debt service coverage is sufficient to support the issuance of Parity Debt or that requisite debt service savings are available to support the issuance of refunding bonds shall, in all cases, be evidenced by a certificate of an Independent Certified Public Accountant or an Independent Financial Consultant.

Issuance of Subordinate Debt. In addition, the Agency may issue or incur obligations payable from Tax Revenues on a subordinate basis to the pledge of Tax Revenues to the repayment of the 2004 Bonds or Parity Debt without limitation. See APPENDIX A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS".

Reserve Account

The 2004 Bonds and any Parity Debt are secured by a Reserve Account established pursuant to the Indenture, and maintained in an amount equal to the Reserve Requirement.

The "**Reserve Requirement**" is defined in the Indenture to be, with respect to the 2004 Bonds (and any Parity Bonds), as of the date of calculation an amount equal to the lesser of (i) 10% of the initial outstanding principal amount of the 2004 Bonds (and any Parity Bonds) excluding from said principal amount in the case of any Parity Bonds an amount equal to the amount then on deposit in any escrow fund created with respect to such Parity Bonds; (ii) Maximum Annual Debt Service on the 2004 Bonds (and any Parity Bonds); or (iii) 125% of average Annual Debt Service on the 2004 Bonds (and any Parity Bonds).

On the Closing Date, funds will be deposited into the 2004 Bonds Reserve Subaccount in the Reserve Account. At least one Business Day before each Interest Payment Date and after the deposits required to the Principal Account and Interest Account have been made, the Trustee shall withdraw from the Bond Fund and deposit in the Reserve Account and any subaccounts therein an amount of money, if any, required to maintain the Reserve Account and in the full amount of the Reserve Requirement. No deposit need be made in the Reserve Account and the separate subaccounts therein so long as there shall be on deposit therein a sum equal to at least the amount required to be on deposit therein.

There may be established in the Reserve Account in connection with issuance of any series of Parity Bonds a separate subaccount into which there shall be deposited the amount required by the Indenture and in the Supplemental Indenture relating to such series of Parity Bonds.

All money in the Reserve Account, and any subaccount therein shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Account and the Principal Account, in such order, in the event of any deficiency at any time in any of such accounts, or for the purpose of paying the interest on or principal of or redemption premiums, if any, on the 2004 Bonds (and any Parity Bonds) in the event that no other money of the Agency is lawfully available therefor, or for the retirement of the 2004 Bonds (and any Parity Bonds) then Outstanding, except that so long as the Agency is not in default under the Indenture, any amount in the Reserve Account and each subaccount therein in excess of the amount required by this paragraph to be on deposit therein except as herein otherwise provided, shall be, if directed by the Agency, transferred to the Bond Fund.

The Reserve Requirement for the 2004 Bonds may be satisfied by crediting to the Reserve Account moneys, a letter of credit, a bond insurance policy, any other comparable credit facility or any combination thereof, which has been approved in writing by the rating agency then rating the 2004 Bonds and which in the aggregate make funds available in the Reserve Account in an amount equal to the Reserve Requirement.

EXISTING SENIOR OBLIGATIONS

"Tax Revenues" does not include Housing Set-Aside used by the Agency to meet the following payment obligations:

University/Sycamore Redevelopment Project - 1999 Bonds. The Agency previously issued and pledged Housing Set-Aside generated in the University/Sycamore Redevelopment Project to payment of 20% of the debt service on the following bonds:

- Tax Allocation Bonds 1999 Series A (University Corridor/Sycamore Canyon Merged Redevelopment Project) (the "**1999 Series A Bonds**")
- Subordinate Tax Allocation Bonds, 1999 Series B (University Corridor/Sycamore Canyon Merged Redevelopment Project) (the "**1999 Series B Bonds**", and together with the 1999 Series A Bonds, the "**1999 Bonds**")

The final maturity of the 1999 Bonds is August 1, 2027.

Downtown/Airport Redevelopment Project - Breezewood Pledge Agreement. The Agency entered into an agreement with KDF Breezewood, L.P., a California limited partnership ("**Breezewood**"), dated October 20, 2003 entitled "Agreement for Pledge and Repayment of Redevelopment Agency Airport/Downtown Low and Moderate Income Housing Fund (Breezewood Apartments Project)" (the "**Breezewood Pledge Agreement**").

Pursuant to the Breezewood Pledge Agreement, the Agency agreed to loan $4,992,000 to Breezewood, with the proceeds to be released in the form of "**Annual Loan Proceeds**" by the Agency during the "Pledge Term" as follows:

Pledge Term: the period of the first disbursement of the Annual Loan Proceeds commencing on November 1, 2003 and ending with the last disbursement of the Annual Loan Proceeds on May 1, 2019.

Annual Loan Proceeds: means (i) $192,000 to be disbursed on November 1 of each year commencing on November 1, 2003 to and including November 1, 2018 and (ii) $120,000 on May 1 of each year, commencing on May 1, 2004, to and including May 1, 2019.

The Agency pledged and granted Breezewood a security interest in Housing Set-Aside generated in the Low and Moderate Income Housing Fund relating to the Downtown Project Area (the "**Breezewood Agency Pledge**"). Although the Breezewood Pledge Agreement allows a pledge on a parity with the Breezewood Agency Pledge, the Agency has covenanted in the Indenture not to make any pledges of Housing Set-Aside on a basis senior to its pledge of Tax Revenues to the 2004 Bonds.

The following table shows the payments from Housing Set-Aside required for payment of 20% of maximum annual debt service on the 1999 Bonds and for payment of the Annual Loan Proceeds under the Breezewood Pledge Agreement:

TABLE 1
Existing Senior Obligations
University/Sycamore Redevelopment Project and
Downtown/Airport Redevelopment Project

Bond Issue	University/Sycamore	Downtown/Airport
1999 Bonds, Series A and Series B	$339,350	
Breezewood Pledge Agreement		$312,000

See also "SECURITY FOR THE 2004 BONDS – Issuance of Parity Debt" for a summary of the Agency's right under the Indenture to issue Parity Debt.

MUNICIPAL BOND NEW ISSUE INSURANCE POLICY

The following information has been furnished by the Bond Insurer for use in this Official Statement. No representation is made by the Agency or the Underwriter as to the accuracy or completeness of this information, or the absence of material adverse changes therein at any time subsequent to the date hereof. Reference is made to APPENDIX F for a specimen of the Bond Insurer's policy.

Payments Under Policy

Concurrently with the issuance of the 2004 Bonds, Financial Guaranty Insurance Company, doing business in California as FGIC Insurance Company ("**Financial Guaranty**") will issue its Municipal Bond New Issue Insurance Policy for the 2004 Bonds (the "**Policy**"). The Policy unconditionally guarantees the payment of that portion of the principal of and interest on the 2004 Bonds which has become due for payment, but shall be unpaid by reason of nonpayment by the Authority. Financial Guaranty will make such payments to U.S. Bank Trust National Association, or its successor as its agent (the "**Fiscal Agent**"), on the later of the date on which such principal, accreted value or interest (as applicable) is due or on the business day next following the day on which Financial Guaranty shall have received notice (in accordance with the terms of the Policy) from an owner of the 2004 Bonds or the Fiscal Agent of the nonpayment of such amount by the Agency. The Fiscal Agent will disburse such amount due on any 2004 Bond to its owner upon receipt by the Fiscal Agent of evidence satisfactory to the Fiscal Agent of the owner's right to receive payment of the principal, accreted value or interest (as applicable) due for payment and evidence, including any appropriate instruments of assignment, that all of such owner's rights to payment of such principal or interest (as applicable) shall be vested in Financial Guaranty. The term "nonpayment" in respect of a 2004 Bond includes any payment of principal, accreted value or interest (as applicable) made to an owner of a 2004 Bond which has been recovered from such owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

Once issued, the Policy is non-cancellable by Financial Guaranty. The Policy covers failure to pay principal of the 2004 Bonds on their stated maturity dates and their mandatory sinking fund redemption dates, and not on any other date on which the 2004 Bonds may have been otherwise called for redemption, accelerated or advanced in maturity. The Policy also covers the failure to pay interest on the stated date for its payment. In the event that payment of the 2004 Bonds is accelerated, Financial Guaranty will only be obligated to pay principal and interest in the originally scheduled amount on the originally scheduled payment dates. Upon such payment, Financial Guaranty will become the owner of the 2004 Bond, appurtenant coupon or right to payment of principal or interest on such 2004 Bond and will be fully subrogated to all of the 2004 Bondholder's rights thereunder.

The Policy does not insure any risk other than Nonpayment by the Agency, as defined in the Policy. Specifically, the Policy does not cover: (i) payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity; (ii) payment of any redemption, prepayment or acceleration premium; or (iii) nonpayment of principal or interest caused by the insolvency or negligence or any other act or omission of the Trustee.

As a condition of its commitment to insure the 2004 Bonds, Financial Guaranty may be granted certain rights under the 2004 Bond documentation. The specific rights, if any, granted to Financial Guaranty in connection with its insurance of the 2004 Bonds may be set forth in the description of the principal legal documents appearing elsewhere in this Official Statement, and reference should be made thereto.

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law. The Policy is not covered by the California Insurance Guaranty Association (California Insurance Code, Article 14.2).

Financial Guaranty Insurance Company

Financial Guaranty, a New York stock insurance corporation, is a direct, wholly-owned subsidiary of FGIC Corporation, and provides financial guaranty insurance for public finance and structured finance obligations. Financial Guaranty is licensed to engage in financial guaranty insurance in all 50 states, the District of Columbia and the Commonwealth of Puerto Rico and, through a branch, in the United Kingdom. Financial Guaranty is a wholly-owned subsidiary of FGIC Corporation, a Delaware corporation.

On December 18, 2003, an investor group consisting of The PMI Group, Inc. ("**PMI**"), affiliates of The Blackstone Group L.P. ("**Blackstone**"), affiliates of The Cypress Group L.L.C. ("**Cypress**") and affiliates of CIVC Partners L.P. ("**CIVC**") acquired FGIC Corporation (the "**FGIC Acquisition**") from a subsidiary of General Electric Capital Corporation ("**GE Capital**"). PMI, Blackstone, Cypress and CIVC acquired approximately 42%, 23%, 23% and 7%, respectively, of FGIC Corporation's common stock. FGIC Corporation paid GE Capital approximately $284.3 million in pre-closing dividends from the proceeds of dividends it, in turn, had received from Financial Guaranty, and GE Capital retained approximately $234.6 million in liquidation preference of FGIC Corporation's convertible participating preferred stock and approximately 5% of FGIC Corporation's common stock. Neither FGIC Corporation nor any of its shareholders is obligated to pay any debts of Financial Guaranty or any claims under any insurance policy, including the Policy, issued by Financial Guaranty.

Financial Guaranty is subject to the insurance laws and regulations of the State of New York, where it is domiciled, including Article 69 of the New York Insurance Law ("**Article 69**"), a comprehensive financial guaranty insurance statute. Financial Guaranty is also subject to the insurance laws and regulations of all other jurisdictions in which it is licensed to transact insurance business. The insurance laws and regulations, as well as the level of supervisory authority that may be exercised by the various insurance regulators, vary by jurisdiction, but generally require insurance companies to maintain minimum standards of business conduct and solvency, to meet certain financial tests, to comply with requirements concerning permitted investments and the use of policy forms and premium rates and to file quarterly and annual financial statements on the basis of statutory accounting principles ("**SAP**") and other reports. In addition, Article 69, among other things, limits the business of each financial guaranty insurer, including Financial Guaranty, to financial guaranty insurance and certain related lines.

For the nine months ended September 30, 2004, and the years ended December 31, 2003 and December 31, 2002, Financial Guaranty had written directly or assumed through reinsurance, guaranties of approximately $43.5 billion, $42.4 billion and $47.9 billion par value of securities, respectively (of which approximately 57%, 79% and 81%, respectively, constituted guaranties of municipal bonds), for which it had collected gross premiums of approximately $250.7 million, $260.3 million and $232.6 million, respectively. For the nine months ended

September 30, 2004, Financial Guaranty had reinsured, through facultative arrangements, approximately 0.1% of the risks it had written.

As of September 30, 2004, Financial Guaranty had net admitted assets of approximately $3.015 billion, total liabilities of approximately $1.877 billion, and total capital and policyholders' surplus of approximately $1.138 billion, determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

The unaudited financial statements of Financial Guaranty as of September 30, 2004, and the audited financial statements of Financial Guaranty as of December 31, 2003 and December 31, 2002, which have been filed with the Nationally Recognized Municipal Securities Information Repositories ("**NRMSIRs**"), are hereby included by specific reference in this Official Statement. Any statement contained herein under the heading "MUNICIPAL BOND NEW ISSUE INSURANCE POLICY," or in any documents included by specific reference herein, shall be modified or superseded to the extent required by any statement in any document subsequently filed by Financial Guaranty with such NRMSIRs, and shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement. All financial statements of Financial Guaranty (if any) included in documents filed by Financial Guaranty with the NRMSIRs subsequent to the date of this Official Statement and prior to the termination of the offering of the 2004 Bonds shall be deemed to be included by specific reference into this Official Statement and to be a part hereof from the respective dates of filing of such documents.

Financial Guaranty also prepares quarterly and annual financial statements on the basis of generally accepted accounting principles. Copies of Financial Guaranty's most recent GAAP and SAP financial statements are available upon request to: Financial Guaranty Insurance Company, 125 Park Avenue, New York, NY 10017, Attention: Corporate Communications Department. Financial Guaranty's telephone number is (212) 312-3000.

Financial Guaranty's Credit Ratings

The financial strength of Financial Guaranty is rated "AAA" by Standard & Poor's, a Division of The McGraw-Hill Companies, Inc., "Aaa" by Moody's Investors Service, and "AAA" by Fitch Ratings. Each rating of Financial Guaranty should be evaluated independently. The ratings reflect the respective ratings agencies' current assessments of the insurance financial strength of Financial Guaranty. Any further explanation of any rating may be obtained only from the applicable rating agency. These ratings are not recommendations to buy, sell or hold the 2004 Bonds, and are subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the 2004 Bonds. Financial Guaranty does not guarantee the market price or investment value of the 2004 Bonds nor does it guarantee that the ratings on the 2004 Bonds will not be revised or withdrawn.

Neither Financial Guaranty nor any of its affiliates accepts any responsibility for the accuracy or completeness of the Official Statement or any information or disclosure that is provided to potential purchasers of the 2004 Bonds, or omitted from such disclosure, other than with respect to the accuracy of information with respect to Financial Guaranty or the Policy under the heading "MUNICIPAL BOND NEW ISSUE INSURANCE POLICY." In addition, Financial Guaranty makes no representation regarding the 2004 Bonds or the advisability of investing in the 2004 Bonds.

LIMITATIONS ON TAX REVENUES

Property Tax Limitations - Article XIIIA

California voters, on June 6, 1978, approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIIIA to the California Constitution, among other things, affects the valuation of real property for the purpose of taxation in that it defines the full cash value of property to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by damage, destruction or other factors. The amendment further limits the amount of any ad valorem tax on real property to 1% of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978. In addition, an amendment to Article XIII was adopted in June 1986 by initiative which exempts any bonded indebtedness approved by two-thirds of the votes cast by voters for the acquisition or improvement of real property from the 1 percent limitation.

In the general election held November 4, 1986, voters of the State of California approved two measures, Propositions 58 and 60, which further amend Article XIIIA. Proposition 58 amends Article XIIIA to provide that the terms "purchased" and "change of ownership," for purposes of determining full cash value of property under Article XIIIA, do not include the purchase or transfer of (1) real property between spouses and (2) the principal residence and the first $1,000,000 of other property between parents and children.

Proposition 60 amends Article XIIIA to permit the Legislature to allow persons over age 55 who sell their residence to buy or build another of equal or lesser value within two years in the same county, to transfer the old residence's assessed value to the new residence. Pursuant to Proposition 60, the Legislature has enacted legislation permitting counties to implement the provisions of Proposition 60.

Challenges to Article XIIIA

There have been many challenges to Article XIIIA of the California Constitution. In Nordlinger v. Hahn, the United States Supreme Court heard an appeal relating to residential property. Based upon the facts presented in Nordlinger, the United States Supreme Court held that the method of property tax assessment under Article XIIIA did not violate the federal Constitution. The Agency cannot predict whether there will be any future challenges to California's present system of property tax assessment and cannot evaluate the ultimate effect on the Agency's receipt of tax increment revenues should a future decision hold unconstitutional the method of assessing property.

Implementing Legislation

Legislation enacted by the California Legislature to implement Article XIIIA (Statutes of 1978, Chapter 292, as amended) provides that, notwithstanding any other law, local agencies may not levy any property tax, except to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and that each county will levy the maximum tax permitted by Article XIIIA.

The apportionment of property taxes in fiscal years after 1978/79 has been revised pursuant to Statutes of 1979, Chapter 282 which provides relief funds from State moneys beginning in fiscal year 1978/79 and is designed to provide a permanent system for sharing State taxes and budget surplus funds with local agencies. Under Chapter 282, cities and counties receive about one-third more of the remaining property tax revenues collected under Proposition 13 instead of direct State aid. School districts receive a correspondingly reduced amount of property taxes, but receive compensation directly from the State and are given additional relief.

Future assessed valuation growth allowed under Article XIIIA (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs except for certain utility property assessed by the State Board of Equalization which is allocated by a different method discussed herein.

Property Tax Collection Procedures

Classifications. In California, property which is subject to ad valorem taxes is classified as "**secured**" or "**unsecured**." Secured and unsecured property are entered on separate parts of the assessment roll maintained by the county assessor. The secured classification includes property on which any property tax levied by the County becomes a lien on that property sufficient, in the opinion of the county assessor, to secure payment of the taxes. Every tax which becomes a lien on secured property has priority over all other liens on the secured property, regardless of the time of the creation of other liens. A tax levied on unsecured property does not become a lien against unsecured property, but may become a lien on certain other property owned by the taxpayer.

Collections. The method of collecting delinquent taxes is substantially different for the two classifications of property. The taxing authority has four ways of collecting unsecured property taxes in the absence of timely payment by the taxpayer: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of the personal property, improvements or possessory interests belonging or assessed to the assessee.

The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of property securing the taxes to the State for the amount of taxes which are delinquent.

Penalties. A 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, property on the secured roll on which taxes are delinquent is declared in default on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption and a $15 Redemption Fee. If taxes are unpaid for a period of five years or more, the property is recorded in a "Power to Sell" status and is subject to sale by the county tax collector. A 10% penalty also applies to the delinquent taxes on property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date.

Delinquencies. The valuation of property is determined as of January 1 each year and equal installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due January 1. Unsecured taxes enrolled by July 31, if unpaid, are delinquent August 31 at 5:00 p.m. and are subject to penalty; unsecured taxes added to roll after July 31, if unpaid, are delinquent on the last day of the month succeeding the month of enrollment.

Supplemental Assessments. A bill enacted in 1983, SB 813 (Statutes of 1983, Chapter 498), provides for the supplemental assessment and taxation of property as of the occurrence of a change in ownership or completion of new construction. The statute may provide increased revenue to redevelopment agencies to the extent that supplemental assessments as a result of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the lien date. To the extent such supplemental assessments occur within the Redevelopment Project, Tax Revenues and Housing Set Aside may increase.

No Power to Tax

The Agency has no power to levy and collect property taxes, and any property tax limitation, legislative measure, voter initiative or provisions of additional sources of income to taxing agencies having the effect of reducing the property tax rate, could reduce the amount of Tax Revenues that would otherwise be available to pay the principal of, and interest on, the 2004 Bonds. Likewise, broadened property tax exemptions could have a similar effect. See "BOND OWNERS' RISKS".

The 2004 Bonds are not a debt of the City, the State of California or any of its political subdivisions other than the Agency, and neither the City, State, nor any of its political subdivisions other than the Agency is liable. The 2004 Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limit or restriction on the amount of debt.

Appropriations Limitations - Article XIIIB

On November 6, 1979, California voters approved Proposition 4, the so-called Gann Initiative, which added Article XIIIB to the California Constitution. The principal effect of Article XIIIB is to limit the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity.

Effective November 30, 1980, the California Legislature added Section 33678 to the Redevelopment Law which provided that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness will not be deemed the receipt by such agency of proceeds of taxes levied by or on behalf of the agency within the meaning of Article XIIIB, nor will such portion of taxes be deemed receipt of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the Constitution and laws of the State, including Section 33678 of the Redevelopment Law.

State Board of Equalization and Property Assessment Practices

On December 10, 1998, the State Board of Equalization ("SBOE") approved revisions to its guidelines regarding the valuation of intangible business and commercial property for property tax purposes. The SBOE approved these revisions over the strong objections of the California Assessors Association ("**CAA**"), an organization representing all 58 County Assessors in California.

The Agency is not able to predict whether the revised SBOE guidelines will cause any reductions in tax increment revenues and, hence, in Tax Revenues. However, the Agency does not believe that the SBOE's adoption of the revised guidelines will affect its ability to pay debt service on the 2004 Bonds.

Exclusion of Tax Revenues for General Obligation Bonds Debt Service

An initiative to amend the California Constitution entitled "Property Tax Revenues Redevelopment Agencies" was approved by California voters at the November 8, 1988 general election. Under prior law, a redevelopment agency using tax increment revenue received additional property tax revenue whenever a local government increased its property tax rate to pay off its general obligation bonds. This initiative amended the California Constitution to allow the California Legislature to prohibit redevelopment agencies from receiving any of the property tax revenues raised by increased property tax rates imposed by local governments to make payments on their bonded indebtedness.

The initiative only applies to tax rates levied to finance general obligation bonds approved by the voters on or after January 1, 1989. Any revenue reduction to redevelopment agencies would depend on the number and value of the general obligation bonds approved by voters in prior years, which tax rate will reduce due to increased valuation subject to the tax or the retirement of the indebtedness. The Agency did not experience a revenue loss as a result of the initiative.

Proposition 218

On November 5, 1996, California voters approved Proposition 218—Voter Approval for Local Government Taxes – Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles XIIIC and XIIID to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. Tax Revenues securing the 2004 Bonds are derived from property taxes which are outside the scope of taxes, assessments and property-related fees and charges which were limited by Proposition 218.

Future Initiatives

Article XIIIA, Article XIIIB and certain other propositions affecting property tax levies were each adopted as measures which qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting Agency revenues or the Agency's ability to expend revenues.

Low and Moderate Income Housing

Chapter 1337, Statutes of 1976, added Sections 33334.2 and 33334.3 to the law requiring redevelopment agencies to set aside 20% of all tax increment revenues allocated to redevelopment agencies from Redevelopment Projects adopted after December 31, 1976, in a low- and moderate-income housing fund to be expended for authorized low- and moderate-income housing purposes. Amounts on deposit in the low- and moderate-income housing fund may also be applied to pay debt service on bonds, loans or advances of redevelopment agencies to provide financing for such low- and moderate-income housing purposes.

The Redevelopment Projects are subject to the 20% set-aside requirement for low- and moderate-income housing. Housing Set-Aside segregated by the Agency pursuant to this requirement is the source of the Tax Revenues securing the 2004 Bonds, as well as certain Existing Senior Obligations payable from and secured by the Housing Set-Aside on a senior basis.

Redevelopment Plan Limitations

In 1993, the California Legislature enacted Assembly Bill 1290 ("**AB 1290**") which contained several significant changes in the Redevelopment Law. Among the changes made by AB 1290 was a provision that limits the period of time for incurring and repaying loans, advances and indebtedness payable from tax increment revenues. Since then, the Legislature has amended the Redevelopment Law in a variety of ways that impacts the factors regulated by AB 1290.

The Redevelopment Plans for the Redevelopment Projects contain tax increment limitations which are in compliance with the Redevelopment Law. See the sections entitled "Redevelopment Plan Limitations" in each of the four sections describing the Redevelopment Projects for a discussion of the limits affecting each Redevelopment Project.

Senate Bill 211

On October 10, 2001 the Governor of the State signed into law Senate Bill 211 ("**SB 211**"), which allows redevelopment agencies to eliminate the time limits on their ability to incur debt for project areas established prior to January 1, 1994. Additionally, SB 211 allows redevelopment agencies to extend the termination date of their redevelopment plans and the deadline for the receipt of tax increment for the repayment of debt by 10 years for project areas established prior to January 1, 1994. In order to extend the termination of the redevelopment plans or the deadline for the receipt of tax increment for the repayment of debt, the redevelopment agency must make certain findings of blight in the applicable project areas. In addition, if a redevelopment agency elects to extend the time limits on the incurrence of debt, the termination of the redevelopment plans or the deadline for the receipt of tax increment for the repayment of debt, the redevelopment agency must make certain additional statutory pass-throughs to other taxing entities.

Although the Agency is likely to extend certain limitations in its Redevelopment Plans under SB 211, Tax Revenues available to pay debt service on the 2004 Bonds would not be impacted by the resulting statutory pass-throughs because the Agency is obligated to set aside Housing Set-Aside in an amount equal to 20% of gross tax increment allocated to the Agency, i.e., before deductions for pass-throughs.

Senate Bill 1045

Most recently, pursuant to Senate Bill 1045 ("**SB 1045**") in connection with adoption of statutes requiring an ERAF shift for fiscal year 2003-04, the State Legislature authorized amendments of redevelopment plans to extend by one year the time limit of the effectiveness of the plan and the time limit to repay indebtedness and receive tax increment.

Although the Agency has not extended the time limits of the Redevelopment Plans as permitted by SB 1045, it is likely to do so in the future.

Property Assessment Appeals

An assessee of locally assessed or state-assessed property may contest the taxable value enrolled by the county assessor or by the State Board of Equalization ("SBE"), respectively. The assessee of SBE-assessed property or locally-assessed personal property, the valuation of which are subject to annual reappraisal, actually contests the determination of the full cash value of property when filing an assessment appeal. Because of the limitations to the determination of the full cash value of locally assessed real property by Article XIIIA, an assessee of locally assessed real property generally contests the original determination of the base assessment value of the parcel, i.e. the value assigned after a change of ownership or completion of new construction. In addition, the assessee of locally assessed real property may contest the current assessment value (the base assessment value plus the compounded annual inflation factor) when specified conditions have caused the full cash value to drop below the current assessment value.

At the time of reassessment, after a change of ownership or completion of new construction, the assessee may appeal the base assessment value of the property. Under an appeal of a base assessment value, the assessee appeals the actual underlying market value of the sale transaction or the recently completed improvement. A base assessment appeal has significant future revenue impact because a reduced base year assessment will then reduce the compounded value of the property prospectively. Except for the 2% inflation factor allowable under Article XIIIA, the value of the property cannot be increased until a change of ownership occurs or additional improvements are added.

Under Section 51(b) of the Revenue and Taxation Code, the assessor may place a value on the tax roll lower than the compounded base assessment value if the full cash value of real property has been reduced by damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in the value. Reductions in value under Section 51(b), commonly referred to as Proposition 8 appeals, can be achieved either by formal appeal or administratively by assessor staff appraising the property. A reduced full cash value placed on the tax roll does not change the base assessment value. The future impact of a parcel subject to a Proposition 8 appeal is dependent upon a change in the conditions which caused the drop in value. In fiscal years following a successful Proposition 8 appeal, the assessor may determine that the value of the property has increased as a result of corrective actions or improved market conditions and enroll a value on the tax roll up to the parcel's compounded base assessment value. Additionally, successful appeals regarding property on the unsecured rolls does not necessarily affect the valuation of such property in any succeeding fiscal year.

Utility companies and railroads may contest the taxable value of utility property to the SBE. Generally, the impact of utility appeals is on the State-wide value of a utility determined by SBE. As a result, the successful appeal of a utility may not impact the taxable value of the

Redevelopment Project but could impact a Redevelopment Project's allocation of unitary property taxes.

The actual impact to tax increment is dependent upon the actual revised value of assessments resulting from values determined by the Riverside County Assessment Appeals Board or through litigation and the ultimate timing of successful appeals. Because the Riverside County Controller adjusts revenues to the Agency to reflect roll corrections from successful appeals, the Agency may bear the burden of appeals. The actual valuation impact to the Redevelopment Projects from successful assessment appeals will occur on the assessment roll prepared after the actual valuation reduction.

See the sections entitled "Assessment Appeals" in the four sections describing the Redevelopment Projects for a discussion of certain pending appeals in the Redevelopment Projects.

THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE

Authority and Management

The Agency was established pursuant to the Act and was activated by Ordinance No. 3481 adopted by the City Council on November 14, 1967, at which time the City Council declared itself to be the governing board of the Agency. The Agency is charged with the authority and responsibility of redeveloping and upgrading blighted areas of the City.

The members of the Agency and expiration dates of their terms are as follows:

Members of the Redevelopment Agency	Expiration of Term
Ronald O. Loveridge, Mayor	November, 2005
Dom Betro, Chairperson	November, 2007
Art Gage, Member	November, 2007
Ameal Moore, Member	November, 2005
Frank Schiavone, Member	November, 2005
Ed Adkison, Member	November, 2007
Nancy Hart, Member	November, 2005
Steve Adams, Member	November, 2007

The officers of the Agency are as follows:

Michael J. Beck, Assistant City Manager and Agency Executive Director, has nearly 20 years experience in the development arena. Mr. Beck has been with the City of Riverside for the last three years. Before he came to Riverside, he was the Director of Economic Development and Real Estate Services for University of California, Riverside. Mr. Beck has both a Master of Business Administration and a Bachelor of Arts in Business Economics from the University of California, Riverside.

Colleen J. Nicol, City Clerk and Agency Secretary, has been Riverside's City Clerk for 8 years, bringing with her twenty years of experience in her profession. The International Institute of Municipal Clerks awarded her the designation of Master Municipal Clerk and the Quill Award in 2002. Ms. Nicol has a Master of Public Administration from California State

University, San Bernardino, and a Bachelor's degree in Mathematics from California State University, Long Beach.

Paul C. Sundeen, City Finance Director/Treasurer and Agency Treasurer, has held these positions for 3 years. Previously, he was an audit partner for PricewaterhouseCoopers, where he was extensively involved in the governmental sector. He is currently a member of the California Committee on Municipal Accounting and the State Governmental Accounting and Auditing Committee of the California Society of CPA's. He also serves on the Governmental Accounting Standards Board (GASB) Task Force on Elements of Financial Statements, a pending pronouncement of GASB. Mr. Sundeen holds a Bachelor of Science degree in Accounting from the University of Minnesota.

Tranda Drumwright, Housing and Community Development Manager, has over 20 years of experience in housing and community development activities. Ms. Drumwright has been in her current position for four years, after working for four other municipal governments. She holds a Masters Degree in Urban Planning from University of California, Los Angeles, and a Bachelor of Arts Degree in Urban Affairs from St. Augustine's College.

Conrad Guzkowski, Redevelopment Program Manager, has over 30 years of experience in city and regional planning and in urban development and is a member of the American Institute of Certified Planners. Mr. Guzkowski has worked in economic development and redevelopment for the City of Riverside for the last 17 years. He holds both Bachelor of Science in Economics and Master of Public Administration degrees from University of California, Riverside.

Cheryl L. Dye, Economic Development Manager, has been with the City of Riverside for nearly a year, and she brings over 20 years of experience in city economic development experience from such cities as North Las Vegas, Nevada, and Moreno Valley and Chula Vista, California. Ms. Dye has a Master of Public Administration degree from the University of Arizona. She is a member of the International Economic Development Council and is on the Board of Directors of the California Association for Local Economic Development.

Carol A. Britton, Development Fiscal Manager, has worked with City of Riverside financial activities for 19 years, the last 6 of those years with the Redevelopment Agency. Before coming to the City, experience includes both public accounting and private enterprise accounting. Ms. Britton holds a Master of Public Administration and a Bachelor of Arts in Business Management degrees, both from California State University, San Bernardino.

Agency Powers and Duties

All powers of the Agency are vested in its members, who are elected members of the City Council. Pursuant to the Act, the Agency is a separate public body and exercises governmental functions in planning and implementing redevelopment projects.

Within its area of operation, the Agency may exercise broad governmental functions and authority to accomplish its purposes, including, but not limited to, the right of eminent domain, the right to issue bonds for authorized purposes and to expend the proceeds thereof, and the right to acquire, sell, rehabilitate, develop, administer or lease property. The Agency may demolish buildings, clear land, and cause to be constructed certain improvements including streets, sidewalks and utilities, and may also prepare for use as a building site any real property which it owns or administers.

The Agency may, from any funds made available to it for such purposes, pay for all or part of the costs of land and buildings, facilities or other improvements to be publicly owned and operated, provided that such improvements are of benefit to a redevelopment project and cannot be financed by any other reasonable method.

Agency Financial Statements

The Agency's annual financial statements are audited by McGladrey & Pullen, Riverside, California (the "**Auditor**"), in accordance with generally accepted auditing standards, and contains opinions that the Agency's basic financial statements present fairly the financial position of the governmental activities, each major fund and the aggregate remaining fund information maintained by the Agency. The reports include certain notes to the financial statements which may not be fully described below. Such notes constitute an integral part of the audited financial statements. The Agency's audited annual financial statements for the fiscal year ended June 30, 2003, are included as Appendix C to this Official Statement. The Agency expects to make its audited financial statements for the fiscal year ended June 30, 2004 available as a part of its continuing disclosure annual report to be submitted by April 1, 2005 (see "CONTINUING DISCLOSURE" below).

The Agency has not requested nor did the Agency obtain permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit review of the financial condition or operations of the Agency. In addition, the Auditor has not reviewed this Official Statement.

Statement of Indebtedness

Under the Redevelopment Law, the Agency must file with the County Auditor a statement of indebtedness for each Redevelopment Project by October 1 of each year. As described below, the statement of indebtedness controls the amount of tax increment revenue that will be paid to the Agency in each fiscal year.

Each statement of indebtedness is filed on a form prescribed by the State Controller and specifies, among other things: (i) the total amount of principal and interest payable on all loans, advances or indebtedness (including the 2004 Bonds and other Agency debt) (the "Debt"), both over the life of the Debt and for the current fiscal year, and (ii) the amount of "available revenue" as of the end of the previous fiscal year.

"**Available Revenue**" is calculated by subtracting the total payments on Debt during the previous fiscal year from the total revenues (both tax increment revenues and other revenues) received during the previous fiscal year, plus any carry-forward from the prior fiscal year. Available Revenue includes amounts held by the Agency and irrevocably pledged to the payment of Debt other than amounts set aside for low- and moderate-income housing.

The County Auditor may only pay tax increment revenue to the Agency in any fiscal year to the extent that the total remaining principal and interest on all Debt exceeds the amount of available revenues as shown on the statement of indebtedness.

The statement of indebtedness constitutes prima facie evidence of the indebtedness of the Agency; however, the County Auditor may dispute the statement of indebtedness in certain cases. Section 33675 of the Redevelopment Law provides for certain time limits controlling any dispute of the statement of indebtedness, and allows for Superior Court determination of such dispute if it cannot be resolved by the Agency and the County. Any such action may only challenge the amount of the Debt as shown on the statement, and not the validity of any Debt or its related contract or expenditures. No challenge can be made to payments to a trustee in connection with a bond issue or payments to a public agency in connection with payments by that public agency with respect to a lease or bond issue.

THE UNIVERSITY/SYCAMORE REDEVELOPMENT PROJECT

General

The University/Sycamore Redevelopment Project is the result of a merger of two project areas:

> University Corridor Redevelopment Project: this area was originally called the Central Industrial Redevelopment Project, but was redesignated the University Corridor Redevelopment Project. The University Corridor Redevelopment Project encompassed approximately 592 acres. The areas north and south of the University Corridor Redevelopment Project are primarily residential. Directly east of the University Corridor Redevelopment Project is the University of California, Riverside. The Civic Center is located just west of the Riverside Freeway (State Route 91). Railroad lines run through the University Corridor Redevelopment Project easterly of the State Route 91.
>
> Sycamore Canyon Redevelopment Project: the Sycamore Canyon and Box Springs Industrial Park Redevelopment Project encompassed approximately 1,300 acres, most of which is in the southwest portion of the City.

When the University Corridor Redevelopment Project and the Sycamore Canyon Redevelopment Project were merged, approximately 154 acres were added to the new merged project area: approximately 120 acres located near the original University Corridor Redevelopment Project and 34 acres near the Sycamore Canyon Area. The University/Sycamore Redevelopment Project contains a total of approximately 2,046 acres.

A summary of land use in the University/Sycamore Redevelopment Project is shown in the following table:

Table 2
UNIVERSITY/SYCAMORE REDEVELOPMENT PROJECT
Land Use by Assessed Value
Fiscal Year 2004-05

Land Use	Parcels	2004-05 Estimated Assessed Value	Percent of Total
Residential	357	$106,996,464	17.19%
Commercial	214	170,162,598	27.34
Industrial	62	221,221,168	35.55
Recreational	1	2,026,000	0.33
Institutional	5	499,245	0.08
Vacant	260	35,083,233	5.64
SBE (1)	36	2,844,610	0.46
Possessory Interest (1)	12	518,484	0.08
Unsecured (1)	382	76,046,481	12.22
Miscellaneous		227,200	0.04
Unknown	5	6,683,519	1.07
TOTALS	904	$622,309,002	100.00%

(1) Indicates the number of assessments in this category but actually represents a duplicate parcel count, and consequently are not included in the total parcel count.
Source: DHA Consulting; Riverside County Assessor.

Redevelopment Plan Limitations

Central Industrial Redevelopment Plan. The City Council established the original Central Industrial Redevelopment Project on October 25, 1977 by adoption of Ordinance No. 4471. Subsequently, the redevelopment plan for the Central Industrial Redevelopment Project was amended:

- on November 27, 1984, by adopting Ordinance No. 5239 (among other things, Ordinance No. 5239 redesignated the Central Industrial Redevelopment Project as the University Corridor Redevelopment Project and added acreage);
- on December 28, 1993 by Ordinance No. 6099; and
- on December 20, 1994 by Ordinance No. 6188 to comply with the provisions of AB 1290.

Sycamore Canyon/Box Springs Industrial Redevelopment Plan. The Sycamore Canyon Redevelopment Plan was adopted on December 20, 1983 by Ordinance No. 5148 and amended on December 20, 1994, in order to comply with the provisions of AB1290.

Creation of the University/Sycamore Redevelopment Project. The University Corridor Redevelopment Project and the Sycamore Canyon Redevelopment Project were merged and territory added on July 8, 1997, by the adoption of Ordinance No. 6382; Ordinance

No. 6382 created an Amended and Restated Redevelopment Plan for the Merged Central Industrial and Sycamore Canyon and Box Springs Industrial Park Redevelopment Parks (the "**University/Sycamore Redevelopment Plan**").

Plan Limits. As amended, the University/Sycamore Redevelopment Plan includes the following limits:

Limitation	University/Sycamore Redevelopment Project
Redevelopment Plan Life:	
Original Central Industrial Redevelopment Project Area	October 25, 2017
Area added to University Corridor Redevelopment Project by Ordinance No. 5239 (1984)	November 27, 2024
Original Sycamore Canyon Redevelopment Project	December 20, 2023
Area added to University/Sycamore Redevelopment Project by Ordinance No. 6382 (1997)	July 8, 2027
Final Date to Incur Debt:	
Original Central Industrial Redevelopment Project Area and Original Sycamore Canyon Redevelopment Project	January 1, 2014
Area added to University Corridor Redevelopment Project by Ordinance No. 5239 (1984)	November 27, 2014
Area added to University/Sycamore Redevelopment Project by Ordinance No. 6382 (1997)	July 8, 2017
Final Date to Collect Tax Increment and Repay Debt:	
Original Central Industrial Redevelopment Project Area	October 25, 2027
Area added to University Corridor Redevelopment Project by Ordinance No. 5239 (1984)	November 27, 2034
Original Sycamore Canyon Redevelopment Project	December 20, 2033
Area added to University/Sycamore Redevelopment Project by Ordinance No. 6382 (1997)	July 8, 2042
Gross Tax Increment Limit:	$619,000,000
Gross Tax Increment from the University/Sycamore Redevelopment Project as of June 30, 2004:	$45,052,293
Limit on Outstanding Debt:	$187,000,000
Outstanding Debt (1):	$29,487,596

(1) The outstanding debt for this Redevelopment Project includes (i) $21,615,000 outstanding principal amount of the Agency's (University Corridor/Sycamore Canyon Merged Redevelopment Project) Tax Allocation Bonds, 1999 Series A ($15,925,000) and 1999 Series B ($5,690,000) and (ii) $7,872,596 of the principal amount of the 2004 Bonds, which is approximately 32.6% of the total principal amount of the 2004 Bonds of $24,115,000. For purposes of complying with the Redevelopment Plans, the Agency allocated the principal amount of the 2004 Bonds to the four Redevelopment Projects based on each Redevelopment Project's projected contribution to payment of the 2004 Bonds' debt service, assuming no future growth in Tax Revenues and adjusted for payment of existing senior obligations. However, Tax Revenues from this Redevelopment Project may be used to pay debt service on the entire outstanding principal amount of the 2004 Bonds, if necessary.

If assessed values were to grow at a future annual rate of 8%, the University/Sycamore Redevelopment Project would reach the cumulative tax increment limit in fiscal year 2033-34; final debt service is due on the 2004 Bonds in fiscal year 2034-35. Because the Agency receives the majority of its Tax Revenues for a fiscal year in two payments (50% in January and 50% in May), all Tax Revenues necessary for payment of final debt service on the 2004 Bonds would be received by the Agency in or prior to fiscal year 2033-34. If assessed values were to grow at a faster rate, the University/Sycamore Redevelopment Project would reach the cumulative tax increment limit even earlier. Between fiscal year 1999-00 and 2004-05 (estimated), assessed values in the University/Sycamore Redevelopment Project grew an average of 13% per year.

The Agency has covenanted in the Indenture to (i) annually review the total amount of Tax Revenues remaining available to be received by the Agency under the cumulative tax increment limit in the Redevelopment Project and (ii) not accept Tax Revenues greater than debt service on the Bonds (including the 2004 Bonds and any Parity Bonds) and any subordinate debt in any year, if such acceptance would cause the amount remaining to be received as Tax Revenues under the cumulative tax increment limit to fall below 105% of the remaining cumulative annual debt service on the Bonds (including the 2004 Bonds and any Parity Bonds) and any subordinate debt, except for the purpose of depositing the Tax Revenues into escrow for future debt service on the Bonds (including the 2004 Bonds and any Parity Bonds) and any subordinate debt.

The tax rate within the University/Sycamore Redevelopment Project is 1.0058%, which is the result of a 1% general tax levy and a 0.0058% Metropolitan Water District tax levy. The tax rate does not include taxes levied with respect to districts which received voter approval for debt after 1988.

For purposes of projecting Tax Revenues (see "- Projected Tax Revenues"), the assumed tax rate is 1.0%.

Historical Taxable Values, Gross Tax Increment Revenue, Housing Set-Aside and Tax Revenues

The following table sets forth historical taxable values, Housing Set-Aside and Tax Revenues for the University/Sycamore Redevelopment Project. The total assessed valuation of taxable property in the University/Sycamore Redevelopment Project in fiscal year 2004-05 is estimated to be $622,309,002 and the corresponding incremental assessed valuation is estimated to be $514,949,243.

Table 3
UNIVERSITY/SYCAMORE REDEVELOPMENT PROJECT
Historical Taxable Values and Tax Revenues

Year (1)	Secured	Utility	Unsecured	Total Assessed Value	Incremental Assessed Value (2)	Gross Tax Increment(3)	Housing Set-Aside	Tax Revenues (4)
1999-00	$312,297,974	$3,525,034	$58,084,585	$373,907,593	$266,547,834	$3,088,540	$595,895	$256,545
2000-01	351,014,709	3,801,666	65,592,855	420,409,230	313,049,471	3,207,480	641,496	302,146
2001-02	380,246,995	3,801,666	71,547,365	455,596,026	348,236,267	3,669,934	733,987	394,637
2002-03	429,418,145	3,354,812	80,451,514	513,224,471	405,864,712	4,258,934	851,786	512,436
2003-04	489,819,599	2,939,003	74,567,980	567,326,582	459,966,823	4,988,480	997,696	658,346
2004-05	543,417,911	2,844,610	76,046,481	622,309,002	514,949,243	5,175,849	1,035,170	695,820

(1) Value and revenue data for 1999-00 through 2003-04 is actual. Tax increment revenue for 2004-05 is estimated by DHA Consulting.
(2) Base year value of $107,359,759.
(3) Except as noted, amounts shown are actual tax receipts, including supplemental revenue.
(4) Tax Revenues does not include Housing Set-Aside generated in the University/Sycamore Redevelopment Project that is used to pay 20% of debt service on the 1999 Bonds (assumed to be $339,350).

Source: DHA Consulting; Riverside County Assessor

Largest Taxpayers

The largest tax payers in the University/Sycamore Redevelopment Project according to the fiscal year 2004-05 assessed valuations (estimated) are shown below with their respective estimated fiscal year 2004-05 assessed valuations.

Table 4
UNIVERSITY/SYCAMORE REDEVELOPMENT PROJECT
Ten Largest Property Taxpayers
Fiscal Year 2004-05

Taxpayer	# of Parcels	Use	Estimated Assessed Valuation (1)	Percent of Total AV
State Street Bank/Ralphs Grocery	4	Food Distr.	$130,873,825	21.0%
Bottling Group	2	Manufacturing/Pepsi	47,480,417	7.6
Byran H. Richter	3	Residential	37,642,911	6.0
University Village	9	Retail/Residential	32,855,078	5.3
D&N Investment LLC	2	Commercial-Stores & Vacant	15,233,923	2.4
Space Center Sycamore Canyon	1	Indus. Office Park	15,155,045	2.4
YTK Chicago	1	Retail	11,391,031	1.8
Specialty Brands Inc.	2	Unsecured/Butcher Boy Properties	9,781,817	1.6
Riverside Gateway	4	Commercial/Office	8,823,629	1.4
Butcher Boy Properties	3	Food Processing	8,632,449	1.4
	31		$317,870,125	51.1%

(1) For purposes of this table, the estimated total valuation of the University/Sycamore Redevelopment Project in fiscal year 2004-05 is $622,309,002.
Source: DHA Consulting; Riverside County Assessor.

The top five property taxpayers in fiscal year 2004-05 accounted for approximately 42.3% of the total assessed value in the Redevelopment Project in Fiscal Year 2004-05.

The following is a brief description of the top five taxpayers and their activities in the University/Sycamore Redevelopment Project:

State Street Bank/Ralph's Grocery. State Street Bank owns 81.22 acres of land. The site features a grocery warehouse, distribution center and creamery consisting of more than one million square feet which was constructed in 1995 and leased to Smith's Foods. The property is subleased to Ralph's Grocery Company, which along with Smith's Foods, operates more than 800 stores, mostly in the western United States. Ralph's Foods added an additional 100,000 square feet to the facility in 1999. The distribution center employs approximately 900 people.

Bottling Group. Pepsi Cola's bottling and distribution center in the Sycamore Canyon area is situated on a 30.93-acre site. The Pepsi facility covers nearly one million square feet of space. The full line of Pepsi products are produced on-site and distributed to the Inland Empire and desert regions of Southern California. Pepsi Cola employs 380 people at this site.

Bryan H. Richter. On 12 acres, a $25 million development named GrandMarc at University Village is home to 6 4-story, Type V student apartments housing 752 residents in 212 suites.

University Village. On a land area of over 7 acres, this is a mixed-use project near University of California, Riverside. Construction of a $41 million residential student-housing tower will be completed in summer 2005. Two additional commercial buildings are planned: a single-story retail building along Iowa Avenue, and a multi-story commercial/office building adjacent to the parking garage.

D & N Investment LLC. D&N Investment LLC is a leasing company that represents two individuals: Thomas Weborg and David Ewing of Sacramento. Weborg and Ewing own over 30 acres of commercially zoned land between Cottonwood Avenue and Sycamore Canyon Blvd., in the Sycamore Canyon project area, consisting of retail stores and industrial storage.

Assessment Appeals

Appeals have routinely been filed by a number of major taxpayers in the Redevelopment Projects. See "LIMITATIONS ON TAX REVENUES - Property Assessment Appeals".

The following table summarizes appeal information that the Agency believes is likely to impact future assessed values in the University/Sycamore Redevelopment Project. The table includes information about currently outstanding appeals. It should be noted that reductions to reported 2004-05 assessed values can occur as a result of the resolution of appeals of prior years' valuations.

Table 5
UNIVERSITY/SYCAMORE REDEVELOPMENT PROJECT
Pending Appeals

Applicant	Years Outstanding	Number of Assessments	Applicant's Opinion	Contested Value
Pepsi Bottling Group (2)	2003	1	$26,000,000	$47,480,417
Ralph's Grocery Co.	2001-2004	4	47,000,000	130,873,825
John E. Degennaro Trust	2003	1	Not avail.	4,177,000
Misc.	2002-03	10	6,839,943	9,308,762
Total		16	$79,839,943	$191,840,004

(1) The estimated reduction is based on recent appeal resolution history for the Redevelopment Project and other areas in the City.
(2) The second largest taxpayer in the Redevelopment Project.
DHA Consulting; Riverside County Assessor's Appeal Database.

For purposes of projecting future tax increment revenues (see " - Projected Tax Revenues"), it has been estimated that currently outstanding appeals will proportionately reduce taxable values in fiscal year 2004-05 and thereafter. It has been assumed that the resolution of the outstanding appeals will result in a 10 percent reduction (approximately $19.2 million) in the assessed values subject to the outstanding appeals in the University/Sycamore Canyon Redevelopment Project.

New Construction Activity

To the extent described below, the projected Tax Revenues (see "- Projected Tax Revenues") assumes future assessed values will increase as a result of the following recently-completed or in-progress construction:

University Village. University Village is a mixed use project consisting primarily of theater/retail/restaurant space. Currently, construction is stalled because of non-performance by the developer of a 149-unit apartment building. The Press Enterprise, the City's local newspaper, reports that sales in the existing stores are slipping and the retail vacancy rate is up. While the Agency recently took some actions that it believes will encourage construction to begin again, the completion of the apartment building and some additional retail space has not been included in the estimates of future tax increment revenues. Conversely, declines in value for the center have not been assumed. The Agency can provide no assurance when and if development of University Village will begin.

Riverside Gateway. Construction is complete on two 46,000 square foot office buildings in the Marketplace, which is located at University and the 215/91 Freeway. The majority of the value for phase 1, the construction of which ended in November 2003, was added to the 2004-05 tax rolls. Tenants include Merrill Lynch, Progressive Auto Insurance, and Fidelity National Title Company. The Tax Revenue projections included in this Official Statement assume $900,000 of assessed value will be added to the Redevelopment Project as a result of phase 1 and $4.3 million of assessed value will be added as a result of phase 2.

Sycamore Canyon Business Park. The 1,300 acre Sycamore Canyon Business Park, located at the 60/215 interchange, continues to develop as an attractive industrial park designed to accommodate large-scale manufacturing and distribution uses. With most of the backbone infrastructure installed, minimal site work is required to facilitate new businesses. Approximately 1.8 million square feet of industrial space was under construction in October 2004. The specific developments are as follows:

- *Sycamore Canyon Space Center Phase II* - Construction has started on a 462,700 square foot industrial building which represents the second phase of the Space Center. The Tax Revenue projections included in this Official Statement assume $13.9 million of assessed value will be added to the Redevelopment Project as a result of this development.

- *Panattoni Development* - A 1 million square foot concrete tilt-up industrial facility is currently under construction. The building is to serve as the distribution center for Big 5 Sporting Goods store. The Tax Revenue projections included in this Official Statement assume $24.5 million of assessed value will be added to the Redevelopment Project as a result of this development.

- *Sycamore Canyon Commerce Center* - 425,000 square feet of industrial buildings is planned to start construction in the 25-acre Sycamore Canyon Commerce Center over the next 4 months. Construction has commenced on the first phase, which is to consist of 124,000 square feet. Additional construction is estimated to start in Autumn 2004 and February 2005. The Tax Revenue projections included in this Official Statement assume $4,340,000 of assessed value will be added to the Redevelopment Project as a result of this development.

- *Eastridge Business Center* - Three industrial buildings are currently under construction in this industrial park: 101,000, 72,000 and 57,800 square feet, all estimated to be completed by March 2005. The Tax Revenue projections included in this Official Statement assume approximately $8 million of assessed value will be added to the Redevelopment Project as a result of this development.

Existing Senior Obligations

As described more completely in "EXISTING SENIOR OBLIGATIONS," Tax Revenues does not include Housing Set-Aside used to pay 20% of the debt service on the Agency's outstanding 1999 Bonds. The final maturity of the 1999 Bonds is August 1, 2027.

Projected Tax Revenues

The following table details projected Tax Revenues in the University/Sycamore Redevelopment Project. The projections start with estimated fiscal year 2004-05 assessed values and then utilize the following assumptions:

Tax Rate: The projections assume a 1.0% tax rate, although the current tax rate in the Redevelopment Project is 1.0058%.

Inflation Rate: In California, real property values (land and improvements) are subject to an annual inflationary increase, as allowed under Proposition 13. The projection table assumes, with respect to secured and unsecured property, a 2.0 percent inflation factor in fiscal year 2005-06 and thereafter. See "BOND OWNERS' RISK - Reduction in Inflationary Rate." Assessed values of personal property and state-assessed (non-unitary property) are assumed to remain at their estimated fiscal year 2004-05 levels.

New Development: Assessed values have been increased in specific future years to reflect recently-completed or in-progress developments. See " - New Construction Activity" above.

Appeals: The projections assume assessed values are reduced in fiscal year 2005-06 as a result of the resolution of pending appeals. For the University/Sycamore Redevelopment Project, it is assumed that the resolution of outstanding appeals will result in a 10 percent assessed value reduction with respect to the affected properties. Refunds related to the resolution of these appeals have not been incorporated into the revenue projections because it is the County's practice to hold redevelopment agencies harmless in the event of refunds.

Table 6
UNIVERSITY/SYCAMORE REDEVELOPMENT PROJECT
Projected Tax Revenues

Fiscal Year	Secured and Unsecured Property	Personal Property And State-Assessed Property	Appeals	New Development(1)	Total Assessed Value	Incremental Assessed Value	Tax Increment Revenues (2)	Housing Set-Aside	Tax Revenues (3)
2004-05	$569,118,394	$53,190,608	-	-	$622,309,002	$514,949,243	$5,175,848	$1,035,170	$695,820
2005-06	580,500,762	53,190,608	($19,184,000)	$18,452,000	632,959,369	525,599,610	5,282,352	1,056,470	717,120
2006-07	591,378,777	53,190,608	-	28,578,500	673,147,885	565,788,126	5,684,237	1,136,847	797,497
2007-08	631,784,852	53,190,608	-	8,901,000	693,876,460	586,516,701	5,891,523	1,178,305	838,955
2008-09	653,321,549	53,190,608	-	-	706,512,157	599,152,398	6,017,880	1,203,576	864,226
2009-10	666,387,980	53,190,608	-	-	719,578,588	612,218,829	6,148,544	1,229,709	890,359
2010-11	679,715,740	53,190,608	-	-	732,906,348	625,546,589	6,281,822	1,256,364	917,014
2011-12	693,310,055	53,190,608	-	-	746,500,663	639,140,904	6,417,765	1,283,553	944,203
2012-13	707,176,256	53,190,608	-	-	760,366,864	653,007,105	6,556,427	1,311,285	971,935
2013-14	721,319,781	53,190,608	-	-	774,510,389	667,150,630	6,697,862	1,339,572	1,000,222
2014-15	735,746,177	53,190,608	-	-	788,936,785	681,577,026	6,842,126	1,368,425	1,029,075
2015-16	750,461,100	53,190,608	-	-	803,651,708	696,291,949	6,989,275	1,397,855	1,058,505
2016-17	765,470,322	53,190,608	-	-	818,660,930	711,301,171	7,139,368	1,427,874	1,088,524
2017-18	780,779,728	53,190,608	-	-	833,970,336	726,610,577	7,292,462	1,458,492	1,119,142
2018-19	796,395,323	53,190,608	-	-	849,585,931	742,226,172	7,448,618	1,489,724	1,150,374
2019-20	812,323,230	53,190,608	-	-	865,513,838	758,154,079	7,607,897	1,521,579	1,182,229
2020-21	828,569,694	53,190,608	-	-	881,760,302	774,400,543	7,770,361	1,554,072	1,214,722
2021-22	845,141,088	53,190,608	-	-	898,331,696	790,971,937	7,936,075	1,587,215	1,247,865
2022-23	862,043,910	53,190,608	-	-	915,234,518	807,874,759	8,105,104	1,621,021	1,281,671
2023-24	879,284,788	53,190,608	-	-	932,475,396	825,115,637	8,277,512	1,655,502	1,316,152
2024-25	896,870,484	53,190,608	-	-	950,061,092	842,701,333	8,453,369	1,690,674	1,351,324
2025-26	914,807,893	53,190,608	-	-	967,998,501	860,638,742	8,632,743	1,726,549	1,387,199
2026-27	933,104,051	53,190,608	-	-	986,294,659	878,934,900	8,815,705	1,763,141	1,423,791
2027-28	795,298,087	37,941,851	-	-	833,239,938	741,183,625	7,424,864	1,484,973	1,145,623
2028-29	811,204,048	37,941,851	-	-	849,145,899	757,089,586	7,583,924	1,516,785	1,516,785
2029-30	827,428,129	37,941,851	-	-	865,369,980	773,313,667	7,746,165	1,549,233	1,549,233
2030-31	843,976,692	37,941,851	-	-	881,918,543	789,862,230	7,911,650	1,582,330	1,582,330
2031-32	860,856,226	37,941,851	-	-	898,798,077	806,741,764	8,080,446	1,616,089	1,616,089
2032-33	878,073,350	37,941,851	-	-	916,015,201	823,958,888	8,252,617	1,650,523	1,650,523
2033-34	447,589,421	12,187,907	-	-	459,777,328	375,394,733	3,759,741	751,948	751,948

(1) Includes new development and other adjustments.
(2) The Agency's ability to collect tax increment terminates in the Original Area of University Corridor Redevelopment Project on October 25, 2027 and in the Original Area of Sycamore Canyon Redevelopment Project on December 20, 2033.
(3) Tax Revenues does not include Housing Set-Aside generated in the University/Sycamore Redevelopment Project that is used by the Agency to pay 20% of the debt service on the 1999 Bonds (assumed to be $339,350, which is 20% of maximum annual debt service on the 1999 Bonds) through August 1, 2027.
Source: DHA Consulting; Redevelopment Agency of the City of Riverside.

THE ARLINGTON REDEVELOPMENT PROJECT

General

The City Council established the Arlington Redevelopment Project on November 28, 1978 by adoption of Ordinance No. 4619 (the "**Arlington Redevelopment Plan**"); the original project area encompassed approximately 40 acres (the "**Original Area**"). Pursuant to subsequent amendments of the Redevelopment Plan (see " – Redevelopment Plan Limitations" below), the Agency added 998 acres to the Arlington Redevelopment Project on April 13, 1999 (the "**1999 Amendment Area**") and added approximately 235 acres ("**Amendment No. 3 Area**") on June 24, 2003. The current size of the Arlington Redevelopment Project is 1,273 acres.

The Arlington Redevelopment Project includes primarily residential and commercial uses. The following table illustrates the land use breakdown of secured property in the Redevelopment Project.

Table 7
ARLINGTON REDEVELOPMENT PROJECT
Land Use by Assessed Value
Fiscal Year 2004-05

Land Use	Parcels	2004-05 Estimated Assessed Value	Percent of Total
Residential	1,242	$171,936,342	28.28%
Commercial	342	255,452,610	42.02
Industrial	14	35,991,159	5.92
Recreational	2	4,200,000	0.69
Institutional	20	25,330,616	4.17
Vacant	174	33,916,386	5.58
SBE (1)	10	553,964	0.09
Possessory Interest (1)	5	12,741,957	2.10
Unsecured (1)	561	61,163,788	10.06
Miscellaneous	1	3,940,291	0.65
Unknown	9	2,772,433	0.46
TOTALS	1,804	$607,999,546	100.00%

(1) Indicates the number of assessments in this category but actually represents a duplicate parcel count, and consequently are not included in the total parcel count.
Source: DHA Consulting; Riverside County Assessor.

Redevelopment Plan Limitations

The City Council established the Arlington Redevelopment Project on November 28, 1978 by adoption of Ordinance No. 4619 (the "**Arlington Redevelopment Plan**"). The Arlington Redevelopment Plan was subsequently amended by:

- Ordinance No. 6193 on December 20, 1994, to comply with certain provisions of AB 1290

- Ordinance No. 6466 adopted April 13, 1999, to add the 1999 Amendment Area, and
- Ordinance No. 6685, adopted June 24, 2003, to add the Amendment No. 3 Area.

Plan Limits. As amended, the Arlington Redevelopment Plan includes the following limits:

Limitation	Arlington Redevelopment Project
Plan Life:	
Original Area	November 28, 2018
1999 Amendment Area	April 13, 2029
Amendment No. 3 Area (2003)	June 24, 2033
Final Date to Incur Debt:	
Original Area	January 1, 2014
1999 Amendment Area	April 13, 2019
Amendment No. 3 Area (2003)	June 24, 2023
Final Date to Collect Tax Increment and Repay Debt:	
Original Area	November 28, 2028
1999 Amendment Area	April 13, 2044
Amendment No. 3 Area (2003)	June 24, 2048
Limit on Tax Increment allocated to the Agency:	
Original Area	$50,000,000
1999 Amendment Area	None
Amendment No. 3 Area (2003)	None
Gross Tax Increment from the Original Area of the Arlington Redevelopment Project as of June 30, 2004:	$1,673,414
Limit on Outstanding Debt:	
Original Area	$75,000,000 (2)
1999 Amendment Area	(2)
Amendment No. 3 Area (2003)	$50,000,000
Outstanding Debt (1):	$11,041,657

(1) The outstanding debt for this Redevelopment Project includes (i) $7,525,000 attributable to the Agency's Arlington Redevelopment Project 2004 Tax Allocation Bonds, Series A (Tax Exempt) ($4,550,000) and Series B (Taxable) ($2,975,000) and (ii) $3,516,657 of the principal amount of the 2004 Bonds, which is approximately 14.6% of the total principal amount of the 2004 Bonds of $24,115,000. For purposes of complying with the Redevelopment Plans, the Agency allocated the principal amount of the 2004 Bonds to the four Redevelopment Projects based on each Redevelopment Project's projected contribution to payment of the 2004 Bonds debt service, assuming no future growth in Tax Revenues and adjusted for payment of existing senior obligations. However, Tax Revenues from this Redevelopment Project may be used to pay debt service on the entire outstanding principal amount of the 2004 Bonds, if necessary.

(2) Combined limit on outstanding debt for Original Area and 1999 Amendment Area is $75 million.

The $50 million limit on tax increment established by the Arlington Redevelopment Plan only applies to the Original Area of the Arlington Redevelopment Project. In addition, the Arlington Redevelopment Plan establishes the final date to collect Tax Revenues from the Original Area of the Arlington Redevelopment Project as November 28, 2028. If assessed values in the Original Area were to grow at a future annual rate of 15%, the Original Area of the Arlington Redevelopment Project would not reach the cumulative tax increment limit in fiscal year 2034-35, the year in which final debt service on the 2004 Bonds is due. If tax increment were to grow at 20%, the Original Area of the Arlington Redevelopment Project would reach the cumulative tax increment limit in fiscal year 2026-27. However, as noted above, the Arlington Redevelopment Plan already establishes the final date to collect Tax Revenues from the Original Area of the Arlington Redevelopment Project as November 28, 2028. Between fiscal year 2000-01 and 2004-05 (estimated), assessed values in the Original Area of the Arlington Redevelopment Project grew an average of approximately 11.3% per year.

The Agency has covenanted in the Indenture to (i) annually review the total amount of Tax Revenues remaining available to be received by the Agency under the cumulative tax increment limit in the Redevelopment Project and (ii) not accept Tax Revenues greater than debt service on the Bonds (including the 2004 Bonds and any Parity Bonds) and any subordinate debt in any year, if such acceptance would cause the amount remaining to be received as Tax Revenues under the cumulative tax increment limit to fall below 105% of the remaining cumulative annual debt service on the Bonds (including the 2004 Bonds and any Parity Bonds) and any subordinate debt, except for the purpose of depositing the Tax Revenues into escrow for future debt service on the Bonds (including the 2004 Bonds and any Parity Bonds) and any subordinate debt.

Tax Rates

The tax rate within the Arlington Redevelopment Project is 1.0058%, which is the result of a 1% general tax levy and a 0.0058% Metropolitan Water District tax levy. The tax rate does not include taxes levied with respect to districts which received voter approval for debt after 1988.

For purposes of projecting Tax Revenues (see "- Projected Tax Revenues"), the assumed tax rate is 1.0%.

Historical Taxable Values, Gross Tax Increment Revenue and Tax Revenues

The following table sets forth historical taxable values and Tax Revenues for the Arlington Redevelopment Project. The total assessed valuation of taxable property in the Arlington Redevelopment Project in fiscal year 2004-05 is estimated to be $607,999,546 and the corresponding incremental assessed valuation is estimated to be $165,755,441.

Table 8
ARLINGTON REDEVELOPMENT PROJECT
Historical Taxable Values and Tax Revenues

Year (1)	Secured	Utility	Unsecured	Total Assessed Value	Incremental Assessed Value(2)	Gross Tax Increment	Tax Revenues
1999-00	$11,306,104	$ --	$1,993,841	$13,299,945	$9,530,841	$100,351	$20,070
2000-01 (3)	291,214,210	520,276	27,988,156	319,722,642	13,679,179	185,674	37,135
2001-02	325,608,730	529,811	30,366,581	356,505,122	50,461,659	612,625	122,525
2002-03	337,954,194	481,672	35,441,009	373,876,875	67,833,412	825,423	165,085
2003-04	373,292,262	436,198	36,493,826	410,222,286	104,178,823	1,175,552	235,110
2004-05 (3)	546,281,794	553,964	61,163,788	607,999,546	165,755,441	1,660,798	332,160

(1) Value and revenue data for 1999-00 through 2003-04 is actual. Tax increment revenue for 2004-05 is estimated by DHA Consulting.

(2) Base year value of $3,769,104 in fiscal year 1999-00, $306,043,463 in fiscal years 2000-01 through 2003-04, and $442,244,105 in fiscal year 2004-05.

(3) Increases in assessed values in fiscal years 2000-01 and 2004-05 are due, in part, to the addition of the 1999 Amendment Area ($307.2 million) and the Amendment No. 3 Area ($163.5 million). The balance of the increase in fiscal year 2004-05 is largely attributable to property transfers and new construction, primarily residential in nature.

Source: DHA Consulting; Riverside County Assessor.

Largest Taxpayers

The largest tax payers in the Arlington Redevelopment Project according to the fiscal year 2004-05 assessed valuations (estimated) are shown below with their respective estimated fiscal year 2004-05 assessed valuations.

TABLE 9
Arlington Redevelopment Project
Ten Largest Property Taxpayers
Fiscal Year 2004-05

Taxpayer	Number of Parcels	Use	Estimated Assessed Valuation	Percent of Total AV
Lowes HIW Inc.	3	Retail Center	$17,768,135	2.9%
Fleetwood Enterprises	4	Manufacturing	14,649,454	2.4
Wal Mart Real Estate	3	Retail Center	14,245,288	2.3
Kienle & Kienle Investment	3	Commercial Retail	13,955,564	2.3
Riverside Properties	2	Commercial Retail	13,620,855	2.2
Aanesson Stonewood Apartments	1	Residential	12,334,374	2.0
Keyston Education & Youth	1	Possessory Interest	11,450,046	1.9
Davidson Enterprises	1	Commercial Retail	9,260,266	1.5
Food 4 Less of California	1	Retail Store	7,437,000	1.2
Garfield Jackson Professional Bldg	2	Medical Office	7,130,687	1.2
	21		$121,851,669	20.0%

(1) For purposes of this table, total estimated assessed valuation of the Arlington Redevelopment Project in fiscal year 2004-05 is $607,999,546.
Source: DHA Consulting; Riverside County Assessor.

The following is a brief description of the top five taxpayers and their activities in the Arlington Redevelopment Project (which accounted for approximately 12.1% of the total assessed value in the Arlington Redevelopment Project in Fiscal Year 2004-05):

Lowes HIW, Inc. The Arlington Redevelopment Project was expanded during 1999 to include an additional 1,000 acres encompassing the former site of the Riverside General Hospital. The City has worked closely with Riverside County to develop the old hospital site, which has constructed a mixed commercial and retail development including restaurants and a Lowe's home improvement center. Lowe's encompasses a total of 12 acres on Magnolia Avenue, near the Galleria at Tyler, Riverside's largest mall.

Fleetwood Enterprises. Fleetwood Enterprises is a leading US maker of RVs, and a leading maker of manufactured housing. One of Riverside's largest manufacturers, it employs 13,800 workers nationwide, does over $2 million in annual sales, and is located on over 40 acres in the Arlington Redevelopment Project.

Wal Mart Real Estate. The largest discount retail company in the US, Wal Mart built a 125,827 square foot store on 14 acres on Van Buren Blvd. in 1999, bringing 315 new service jobs to the Riverside/Arlington area.

Kienle & Kienle Investment. Holdings constitute the newly remodeled Walter's Mercedes Benz and Walter's Porsche on 8.15 acres on both sides of Adams Street in the Riverside Auto Center.

Riverside Properties. On 12.94 acres in the Riverside Auto Center, the Riverside Metro Auto Group consists of Hyundai, VW, Mazda and Nissan dealers.

Assessment Appeals

Appeals have routinely been filed by a number of major taxpayers in the Redevelopment Projects. See "LIMITATIONS ON TAX REVENUES - Property Assessment Appeals".

The following table summarizes appeal information that the Agency believes is likely to impact future assessed values in the Arlington Redevelopment Project. The table includes information about currently outstanding appeals. It should be noted that reductions to reported 2004-05 assessed values can occur as a result of the resolution of appeals of prior years' valuations.

Table 10
ARLINGTON REDEVELOPMENT PROJECT
Pending Appeals

Applicant	Years Outstanding	Number of Assessments	Applicant's Opinion	Contested Value
Keystone Education	2004	1	$6,840,000	$11,450,046
Wal Mart Real Estate (2)	2003	3	11,456,217	14,030,890
Ralph's Grocery	2001	3	5,600,000	11,471,027
Union Dev. Co. Inc.	2003	1	2,420,000	6,050,000
Misc.	2001-2003	8	3,787,422	6,967,439
Total		16	$30,103,639	$49,969,402

(1) The estimated reduction is based on recent appeal resolution history for the Redevelopment Project and other areas in the City.
(2) The third largest taxpayer in the Redevelopment Project.
DHA Consulting; Riverside County Assessor's Appeal Database.

For purposes of projecting future Tax Revenues (see " - Projected Tax Revenues"), it has been estimated that currently outstanding appeals will reduce taxable values in fiscal year 2004-05 and thereafter. It has been assumed that the resolution of the outstanding appeals will result in a 10% assessed value reduction ($4,996,940) in the assessed values subject to the outstanding appeals in the Arlington Redevelopment Project.

New Construction Activity

The projected Tax Revenues (see "- Projected Tax Revenues") assumes future assessed values will increase as a result of the following recently-completed or in-progresss construction:

Fairfield Multi-family Housing - Construction is essentially completed on a 256 unit apartment complex located on Van Buren Boulevard, just south of Indiana. The interiors of the last 72 units and some exterior landscaping are being finalized. The complex is currently leasing and, it has been reported by the Agency, the complex is already 50 percent occupied. Rents range from about $1,000 for a 1-bedroom to $1545 for a larger two bedroom. The Tax Revenue projections included in this Official Statement assume $21,760,000 of assessed value will be added to the Redevelopment Project as a result of this development.

Projected Tax Revenues

The following table details projected Tax Revenues in the Arlington Redevelopment Project. The projections start with estimated fiscal year 2004-05 assessed values and then utilize the following assumptions:

Tax Rate: The projections assume a 1.0% tax rate, although the current tax rate in the Redevelopment Project is 1.0058%.

Inflation Rate: In California, real property values (land and improvements) are subject to an annual inflationary increase, as allowed under Proposition 13. The projection table assumes, with respect to secured and unsecured property, a 2.0 percent inflation factor in fiscal year 2005-06 and thereafter. See "BOND OWNERS' RISK - Reduction in Inflationary Rate." Assessed values of personal property and state-assessed (non-unitary property) are assumed to remain at their estimated fiscal year 2004-05 levels.

New Development: Assessed values have been increased in specific future years to reflect recently-completed or in-progress developments. See " - New Construction Activity" above.

Appeals: The projections assume assessed values are reduced in fiscal year 2005-06 as a result of the resolution of pending appeals. For the Arlington Redevelopment Project, it is assumed that the resolution of outstanding appeals will result in a 10 percent assessed value reduction with respect to the properties. Refunds related to the resolution of these appeals have not been incorporated into the revenue projections because it is the County's practice to hold redevelopment agencies harmless in the event of refunds.

Table 11
ARLINGTON REDEVELOPMENT PROJECT
Projected Tax Revenues

Fiscal Year	Secured & Unsecured Property	Personal Property & State-Assessed Property	Appeals	New Development (1)	Total Assessed Value	Incremental Assessed Value	Tax Increment Revenues (2)	Tax Revenues
2004-05	$552,900,935	$55,098,611			$607,999,546	$165,755,441	$1,660,798	$332,160
2005-06	563,958,954	55,098,611	($4,996,940)	$16,320,000	630,380,625	188,136,520	1,884,609	376,922
2006-07	586,561,193	55,098,611		5,440,000	647,099,804	204,855,699	2,051,801	410,360
2007-08	603,732,416	55,098,611	-		658,831,027	216,586,922	2,169,113	433,823
2008-09	615,807,065	55,098,611			670,905,676	228,661,571	2,289,860	457,972
2009-10	628,123,206	55,098,611			683,221,817	240,977,712	2,413,021	482,604
2010-11	640,685,670	55,098,611			695,784,281	253,540,176	2,538,646	507,729
2011-12	653,499,384	55,098,611	-		708,597,995	266,353,890	2,666,783	533,357
2012-13	666,569,371	55,098,611			721,667,982	279,423,877	2,797,483	559,497
2013-14	679,900,759	55,098,611			734,999,370	292,755,265	2,930,797	586,159
2014-15	693,498,774	55,098,611			748,597,385	306,353,280	3,066,777	613,355
2015-16	707,368,749	55,098,611	-		762,467,360	320,223,255	3,205,477	641,095
2016-17	721,516,124	55,098,611			776,614,735	334,370,630	3,346,950	669,390
2017-18	735,946,447	55,098,611			791,045,058	348,800,953	3,491,254	698,251
2018-19	750,665,376	55,098,611			805,763,987	363,519,882	3,638,443	727,689
2019-20	765,678,683	55,098,611			820,777,294	378,533,189	3,788,576	757,715
2020-21	780,992,257	55,098,611	-		836,090,868	393,846,763	3,941,712	788,342
2021-22	796,612,102	55,098,611			851,710,713	409,466,608	4,097,910	819,582
2022-23	812,544,344	55,098,611			867,642,955	425,398,850	4,257,233	851,447
2023-24	828,795,231	55,098,611	-		883,893,842	441,649,737	4,419,741	883,948
2024-25	845,371,136	55,098,611			900,469,747	458,225,642	4,585,500	917,100
2025-26	862,278,558	55,098,611			917,377,169	475,133,064	4,754,575	950,915
2026-27	879,524,129	55,098,611			934,622,740	492,378,635	4,927,030	985,406
2027-28	897,114,612	55,098,611			952,213,223	509,969,118	5,102,935	1,020,587
2028-29	889,467,050	52,830,580	-		942,297,630	503,822,629	5,038,338	1,007,668
2029-30	907,256,391	52,830,580			960,086,971	521,611,970	5,216,232	1,043,246
2030-31	925,401,519	52,830,580			978,232,099	539,757,098	5,397,683	1,079,537
2031-32	943,909,550	52,830,580			996,740,130	558,265,129	5,582,763	1,116,553
2032-33	962,787,741.	52,830,580			1,015,618,321	577,143,320	5,771,545	1,154,309
2033-34	982,043,495	52,830,580			1,034,874,075	596,399,074	5,964,103	1,192,821
2034-35	1,001,684,365	52,830,580			1,054,514,945	616,039,944	6,160,511	1,232,102
2035-36	1,021,718,053	52,830,580	-		1,074,548,633	636,073,632	6,360,848	1,272,170

(1) Includes new development and other adjustments.
(2) The Agency's right to receive tax increment terminates in the Original Area on November 28, 2028.
Source: DHA Consulting; Redevelopment Agency of the City of Riverside.

THE MAGNOLIA CENTER REDEVELOPMENT PROJECT

General

The Magnolia Center Redevelopment Project encompasses approximately 475 acres, or approximately 0.87% of the total incorporated area of the City; the Magnolia Center Redevelopment Project features a strong neighborhood and office employment base, a central location, and several significant businesses. Magnolia Center Redevelopment Project activities focus on business retention and expansion as well as the provision of infrastructure improvements.

The following table illustrates the land use breakdown of secured property in the Magnolia Center Redevelopment Project.

Table 12
MAGNOLIA CENTER REDEVELOPMENT PROJECT
Land Use by Assessed Value
Fiscal Year 2004-05

Land Use	Parcels	2004-05 Estimated Assessed Value	Percent of Total
Residential	301	$ 46,881,608	11.73%
Commercial	384	244,288,517	61.14
Industrial	2	7,098,430	1.78
Recreational	3	3,550,671	0.89
Institutional	39	32,025,970	8.02
Vacant	52	6,837,722	1.71
SBE (1)	10	540,458	0.14
Possessory Interest (1)	-	-	0.00
Unsecured (1)	6	56,615,485	14.17
Miscellaneous	-	-	0.00
Unknown	6	1,722,538	0.43
TOTALS	787	$399,561,399	100.00%

(1) Indicates the number of assessments in this category but actually represents a duplicate parcel count, and consequently are not included in the total parcel count.
Source: DHA Consulting; Riverside County Assessor.

Redevelopment Plan Limitations

The City Council established the Magnolia Center Redevelopment Project on July 14, 1998 by adoption of Ordinance No. 6441 (the "**Magnolia Redevelopment Plan**").

Plan Limits. The Magnolia Redevelopment Plan includes the following limits:

Limitation	Magnolia Center Redevelopment Project
Plan Life:	July 14, 2028
Final Date to Incur Debt	July 14, 2018
Final Date to Collect Tax Increment and Repay Debt:	July 14, 2043
Limit on Tax Increment Revenues allocated to the Agency:	None
Limit on Outstanding Debt:	$55,000,000
Outstanding Debt (1):	$1,899,884

(1) The outstanding debt for this Redevelopment Project includes $1,899,884 of the principal amount of the 2004 Bonds, which is approximately 7.9% of the total principal amount of the 2004 Bonds of $24,115,000. For purposes of complying with the Redevelopment Plans, the Agency allocated the principal amount of the 2004 Bonds to the four Redevelopment Projects based on each Redevelopment Project's projected contribution to payment of the 2004 Bonds' debt service, assuming no future growth in Tax Revenues and adjusted for payment of existing senior obligations. However, Tax Revenues from this Redevelopment Project may be used to pay debt service on the entire outstanding principal amount of the 2004 Bonds, if necessary.

Tax Rates

The tax rate within the Magnolia Center Redevelopment Project is 1.0058%, which is the result of a 1% general tax levy and a 0.0058% Metropolitan Water District tax levy. The tax rate does not include taxes levied with respect to districts which received voter approval for debt after 1988.

For purposes of projecting Tax Revenues (see " - Projected Tax Revenues" below) the assumed tax rate is 1.0%.

Historical Taxable Values, Gross Tax Increment Revenue and Tax Revenues

The following table sets forth historical taxable values and Tax Revenues for the Magnolia Center Redevelopment Project. The total assessed valuation of taxable property in the Magnolia Center Redevelopment Project in fiscal year 2004-05 is estimated to be $399,561,399 and the corresponding incremental assessed valuation is estimated to be $88,124,707.

Table 13
MAGNOLIA CENTER REDEVELOPMENT PROJECT
Historical Taxable Values and Tax Revenues

Year (1)	Secured	Utility	Unsecured	Total Assessed Value	Incremental Assessed Value (2)	Gross Tax Increment(3)	Tax Revenues
1999-00	$285,293,734	$604,033	$40,275,194	326,172,961	$14,736,269	$153,683	$30,737
2000-01	292,582,486	599,115	48,063,960	341,245,561	29,808,869	327,636	65,527
2001-02	303,300,283	599,115	53,356,022	357,255,420	45,818,728	507,139	101,428
2002-03	312,784,206	575,788	55,529,454	368,889,448	57,452,756	554,551	110,910
2003-04	319,661,175	507,521	51,189,178	371,357,874	59,921,182	712,595	142,519
2004-05	342,405,456	540,458	56,615,485	399,561,399	88,124,707	881,345	176.269

(1) Value and revenue data for 1999-00 through 2003-04 is actual. Tax increment revenue for 2004-05 is estimated by DHA Consulting.
(2) Base year assessed value of $311,436,692.
(3) Amounts shown are actual tax receipts, including supplemental revenues.
Source: DHA Consulting; Riverside County Assessor

Largest Taxpayers

The largest tax payers in the Magnolia Center Redevelopment Project according to the fiscal year 2004-05 assessed valuations (estimated) are shown below with their respective estimated fiscal year 2004-05 assessed valuations.

Table 14
MAGNOLIA CENTER REDEVELOPMENT PROJECT
Ten Largest Property Taxpayers
Fiscal Year 2004-05

Taxpayer	# of Parcels	Use	Assessed Valuation	Percent of Total AV
Magnolia Town Center Associates	3	Retail/Riverside Plaza	$21,735,101	5.4%
Wpi Arcal	2	Neighborhood Retail	15,483,781	3.9
Westminster Central	2	Retail/Riverside Plaza	12,776,080	3.2
Riverside Clinic Investment IV, Ltd	10	Medical Clinic	9,637,953	2.4
BH Central	3	Office/Retail	8,797,333	2.2
Sear Roebuck & Co.	2	Department Store	8,601,103	2.2
Central Corporate Center	1	Office	6,250,000	1.6
Attic Mini Storage	1	Self Storage	6,141,518	1.5
Van Duong	1	Formerly Arlington Royale	5,878,744	1.5
Interinsurance Automobile Club	1	Office	4,776,065	1.2
	26		$100,077,678	25.1%

(1) For purposes of this table, total estimated assessed valuation of the Magnolia Center Redevelopment Project in fiscal year 2004-05 is $399,561,399.
Source: DHA Consulting; Riverside County Assessor

The top five property taxpayers in Fiscal Year 2004-05 accounted for approximately 17.1% of the total assessed value in the Redevelopment Project in Fiscal Year 2004-05. The following is a brief description of the top five taxpayers and their activities in the Magnolia Center Redevelopment Project:

Magnolia Town Center Associates. The Magnolia Town Center is a 133,510 square foot neighborhood shopping center on 11.8 acres. The shopping center contains 29 tenants and is anchored by a 46,000 square foot Ralph's supermarket and a 27,659 square foot Rite-Aid drug store. Some of the other tenants include Kinko's, Carl's Jr., H&R Block, Wells Fargo Bank, Countrywide Mortgage, HFC Finance, Verizon Cellular, Supercuts, Autozone, Mail Boxes Etc. and other food, service and retail tenants.

Wpi Arcal-World Premier Investments (Developer). Wpi Arcal-World Premier Investments owns the Hardman Center, which includes more than 11 acres of retail. Hardman Center is undergoing rehabilitation, including modernization of the exterior facades, demolition of the vacant, former Denny's restaurant building, and reconfiguration/restriping of the existing parking lot, among other things. Completion is expected in fall 2004.

Westminster Central. First built as an open-air shopping center in the 1960s, Riverside Plaza was a successful retail location anchored by the former Harris' and Montgomery Ward department stores, and co-anchored by Vons. In the 1980s, the

Plaza was fully enclosed in a more conventional mall format, but retained the same basic anchor and tenant mix. An oversupply of malls, and a shakeout among venerable retail names like Montgomery Ward, meant that by the mid-1990s, the Plaza was struggling economically. Encouraged by the formation of the Magnolia Center Redevelopment Project in 1998, the property owner prepared plans for the repositioning of Riverside Plaza around a contemporary entertainment and retail theme. As a result, a 16-screen multiplex Signature Theater is under construction, and at build-out, the new Plaza will feature 500,000 square feet of restaurants, and retail stores situated on 35 acres.

Riverside Clinic Investment IV, Ltd. Riverside Medical Clinic is one of the oldest and most successful healthcare organizations in the Inland Empire. Founded in 1935, the organization includes more than 90 medical professionals and serves a community of over 500,000 people in five locations throughout the Riverside area.

BH Central. A privately owned block consisting of 5.83 acres on Central Avenue is directly across the street from the newly constructed Riverside Plaza. Coco's Family restaurant, Washington Mutual Bank and general office buildings occupy this block.

Assessment Appeals

Appeals have routinely been filed by a number of major taxpayers in the Redevelopment Projects. See "LIMITATIONS ON TAX REVENUES - Property Assessment Appeals".

The following table summarizes appeal information that the Agency believes is likely to impact future assessed values in the Magnolia Center Redevelopment Project. The table includes information about currently outstanding appeals. It should be noted that reductions to reported 2004-05 assessed values can occur as a result of the resolution of appeals of prior years' valuations.

Table 15
MAGNOLIA CENTER REDEVELOPMENT PROJECT
Pending Appeals

Applicant	Years Outstanding	Number of Assessments	Applicant's Opinion	Contested Value
Ralph's Grocery Co.	2001-03	2	$970,000	1,998,038
Vons Grocery Co.	2003	1	349,927	2,032,485
Misc.	2002-03	10	3,144,145	4,705,054
Total		13	$4,464,072	$8,735,577

(1) The estimated reduction is based on recent appeal resolution history for the Redevelopment Project and other areas in the City.
DHA Consulting; Riverside County Assessor's Appeal Database.

For purposes of projecting future tax increment revenues (see " - Projected Tax Revenues"), it has been estimated that currently outstanding appeals will proportionately reduce taxable values in fiscal year 2004-05 and thereafter. It has been assumed that the resolution of the outstanding appeals will result in a 10 percent reduction ($873,558) in assessed values of the affected properties in the Magnolia Redevelopment Project.

New Construction Activity

To the extent set forth below, the projected Tax Revenues (see "- Projected Tax Revenues") assumes future assessed values will increase as a result of the following recently-completed or in-progress construction:

Riverside Plaza - The 1980's style interior regional mall was demolished during 2003 to make room for a new retail shopping center. Before the mall was demolished, however, new improvements were constructed for Trader Joe's and Sav-On as pad developments outside of the enclosed mall. The reduction in assessed value as a result of the temporary loss of improvements appears to be fully reflected on the 2004-05 tax roll. At build-out the new Plaza will feature 500,000 square feet of restaurants and retail stores situated on 35 acres. The new center has been designed with a "Main Street" open air ambience with a 16-screen multiplex theatre. Construction has started on the 16-screen movie theater, a Von's Grocery store and some initial retail/restaurant uses. The Tax Revenue projections included in this Official Statement assume $17,550,260 of assessed value will be added to the Redevelopment Project as a result of the in-progress construction in this development. Additional construction is anticipated to commence in subsequent years, but has not been included in the tax increment revenue projection.

Projected Tax Revenues

The following table details projected Tax Revenues in the Magnolia Center Redevelopment Project. The projections start with estimated fiscal year 2004-05 assessed values and then utilize the following assumptions:

Tax Rate: The projections assume a 1.0% tax rate, although the current tax rate in the Redevelopment Project is 1.0058%.

Inflation Rate: In California, real property values (land and improvements) are subject to an annual inflationary increase, as allowed under Proposition 13. The projection table assumes, with respect to secured and unsecured property, a 2.0 percent inflation factor in fiscal year 2005-06 and thereafter. See "BOND OWNERS' RISK - Reduction in Inflationary Rate." Assessed values of personal property and state-assessed (non-unitary property) are assumed to remain at their estimated fiscal year 2004-05 levels.

New Development: Assessed values have been increased in specific future years to reflect recently-completed or in-progress developments. See " - New Construction Activity" above.

Other Taxable Value Adjustments: In the Magnolia Center Redevelopment Project, the projections reflect demolition of a number of buildings in Riverside Plaza.

Appeals: The projections assume assessed values are reduced in fiscal year 2005-06 as a result of the resolution of pending appeals. For the Magnolia Center Redevelopment Project, it is assumed that the resolution of outstanding appeals will result in a 10 percent assessed value reduction of the affected properties. Refunds related to the resolution of these appeals have not been incorporated into the revenue projections because it is the County's practice to hold redevelopment agencies harmless in the event of refunds.

Table 16
MAGNOLIA CENTER REDEVELOPMENT PROJECT
Projected Tax Revenues

Fiscal Year	Secured and Unsecured Property	Personal Property And State-Assessed Property	Appeals	New Development(1)	Total Assessed Value	Incremental Assessed Value	Tax Increment Revenues	Tax Revenues
2004-05	$359,050,016	$40,511,383			$399,561,399	$88,124,707	$881,345	$176,269
2005-06	366,231,016	40,511,383	($873,558)	$13,048,370	418,917,211	107,480,519	1,074,903	214,981
2006-07	385,730,448	40,511,383	-	4,501,891	430,743,722	119,307,030	1,193,168	238,634
2007-08	397,946,948	40,511,383		-	438,458,331	127,021,639	1,270,314	254,063
2008-09	405,905,887	40,511,383			446,417,270	134,980,578	1,349,904	269,981
2009-10	414,024,005	40,511,383			454,535,388	143,098,696	1,431,085	286,217
2010-11	422,304,485	40,511,383			462,815,868	151,379,176	1,513,890	302,778
2011-12	430,750,574	40,511,383			471,261,957	159,825,265	1,598,351	319,670
2012-13	439,365,586	40,511,383			479,876,969	168,440,277	1,684,501	336,900
2013-14	448,152,898	40,511,383			488,664,281	177,227,589	1,772,374	354,475
2014-15	457,115,956	40,511,383			497,627,339	186,190,647	1,862,004	372,401
2015-16	466,258,275	40,511,383			506,769,658	195,332,966	1,953,428	390,686
2016-17	475,583,440	40,511,383			516,094,823	204,658,131	2,046,679	409,336
2017-18	485,095,109	40,511,383			525,606,492	214,169,800	2,141,796	428,359
2018-19	494,797,011	40,511,383			535,308,394	223,871,702	2,238,815	447,763
2019-20	504,692,951	40,511,383			545,204,334	233,767,642	2,337,774	467,555
2020-21	514,786,810	40,511,383			555,298,193	243,861,501	2,438,713	487,743
2021-22	525,082,547	40,511,383			565,593,930	254,157,238	2,541,670	508,334
2022-23	535,584,198	40,511,383			576,095,581	264,658,889	2,646,687	529,337
2023-24	546,295,881	40,511,383			586,807,264	275,370,572	2,753,804	550,761
2024-25	557,221,799	40,511,383			597,733,182	286,296,490	2,863,063	572,613
2025-26	568,366,235	40,511,383			608,877,618	297,440,926	2,974,507	594,901
2026-27	579,733,560	40,511,383			620,244,943	308,808,251	3,088,181	617,636
2027-28	591,328,231	40,511,383			631,839,614	320,402,922	3,204,127	640,825
2028-29	603,154,796	40,511,383			643,666,179	332,229,487	3,322,393	664,479
2029-30	615,217,892	40,511,383			655,729,275	344,292,583	3,443,024	688,605
2030-31	627,522,249	40,511,383			668,033,632	356,596,940	3,566,067	713,213
2031-32	640,072,694	40,511,383			680,584,077	369,147,385	3,691,572	738,314
2032-33	652,874,148	40,511,383			693,385,531	381,948,839	3,819,586	763,917
2033-34	665,931,631	40,511,383			706,443,014	395,006,322	3,950,161	790,032

(1) Includes new development and other adjustments.
Source: DHA Consulting; Redevelopment Agency of the City of Riverside.

THE DOWNTOWN/AIRPORT REDEVELOPMENT PROJECT

General

The Downtown/Airport Redevelopment Project encompasses approximately 2,360 acres of residential, commercial and industrial land. The area surrounds the Riverside Municipal Airport and is bounded on the north by the Santa Ana River, Hillside and Fremont Streets and the Union Pacific Railroad on the east, on the south by Arlington Avenue and the Riverside County Flood Control Channel.

A summary of land use in the Downtown/Airport Redevelopment Project is shown in the following table:

Table 17
DOWNTOWN/AIRPORT REDEVELOPMENT PROJECT
Land Use by Assessed Value
Fiscal Year 2004-05

Land Use	Parcels	2004-05 Estimated Assessed Value	Percent of Total
Residential	1,060	$137,897,926	14.93%
Commercial	419	263,920,748	28.57
Industrial	158	280,121,756	30.33
Recreational	2	1,622,409	0.18
Institutional	21	53,706,711	5.81
Vacant	360	37,599,299	4.07
SBE (1)	22	1,608,459	0.17
Possessory Interest (1)	132	19,952,989	2.16
Unsecured (1)	1,346	103,397,359	11.19
Miscellaneous		868,641	0.09
Unknown	12	22,960,381	2.49
TOTALS	2,032	$923,656,678	100.00%

(1) Indicates the number of assessments in this category but actually represents a duplicate parcel count, and consequently are not included in the total parcel count.
Source: DHA Consulting; Riverside County Assessor.

Redevelopment Plan Limitations

The Downtown/Airport Redevelopment Project is the result of a merger of two project areas.

Downtown Redevelopment Project. The Redevelopment Plan for the Riverside Mall and White Park Redevelopment Project (which was renamed the Downtown Redevelopment Project in 1990) was adopted by the City Council by Ordinance No. 3872 on November 16, 1971. Since 1971, the City Council has amended the Downtown Redevelopment Plan four times in addition to the amendment creating the Downtown/Airport Redevelopment Project:

- Amendment No. 1 was adopted by Ordinance No. 3980 on December 19, 1972;
- Amendment No. 2 was adopted by Ordinance No. 4108 on May 7, 1974;
- Amendment No. 3 was adopted by Ordinance No. 4246 on November 18, 1975; and
- Amendment No. 4 was adopted by Ordinance No. 5238 on November 27, 1984.
- Amendment No. 5 was adopted by Ordinance No. 5872 on September 25, 1990. Ordinance No. 5872 changed the name of the Riverside Mall and White Park Redevelopment Project to the Downtown Redevelopment Project.

Amendment Nos. 1, 2, 3 and 4 expanded the Downtown Redevelopment Project's boundaries. The Downtown Redevelopment Project contains 700 acres.

Airport Redevelopment Project. The Airport Industrial Redevelopment Plan was originally adopted by the City Council by Ordinance No. 4355 on December 1, 1976. Subsequently, it was amended two times in addition to the amendment creating the Downtown/Airport Redevelopment Project:

- Ordinance No. 4800 on June 10, 1980.
- Ordinance No. 5240 on November 27, 1984.
- Ordinance No. 5872 on September 25, 1990.

The Airport Redevelopment Project contains 1,660 acres.

Merger. The City Council established the Downtown/Airport Redevelopment Project on September 25, 1990 by adoption of Ordinance No. 5872, which merged the Airport Redevelopment Project and the Downtown Redevelopment Project, and amended their respective Redevelopment Plans to create an Amended and Restated Redevelopment Plan for the Merged Downtown and Airport Industrial Redevelopment Projects (the "**Downtown/Airport Redevelopment Plan**").

Since then, the Downtown/Airport Redevelopment Plan has been amended twice, by:

- Ordinance No. 6190 on December 20, 1994. This amendment was adopted to comply with AB 1290.
- Ordinance No. 6373 on May 6, 1997.

Plan Limits. As amended, the Downtown/Airport Redevelopment Plan includes the following limits:

Limitation	Downtown/Airport Redevelopment Project
Plan Life:	
Downtown Original Area	11/16/11
Downtown First Amendment Area (1972)	12/19/12
Downtown Second Amendment Area (1974)	5/7/14
Downtown Third Amendment Area (1975)	11/18/15
Downtown Fourth Amendment Area (1985)	11/27/24
Airport Original Area	10/22/16
Airport First Amendment Area (1980)	11/27/19
Airport Second Amendment Area (1985)	11/27/19
Final Date to Incur Debt:	
Downtown Original Area	11/16/11
Downtown First Amendment Area (1972)	12/19/12
Downtown Second Amendment Area (1974)	1/1/14
Downtown Third Amendment Area (1975)	1/1/14
Downtown Fourth Amendment Area (1985)	11/27/14
Airport Original Area	1/1/14
Airport First Amendment Area (1980)	1/1/14
Airport Second Amendment Area (1985)	11/27/14
Final Date to Collect Tax Increment and Repay Debt:	
Downtown Original Area	11/16/21
Downtown First Amendment Area (1972)	12/19/22
Downtown Second Amendment Area (1974)	5/7/24
Downtown Third Amendment Area (1975)	11/18/25
Downtown Fourth Amendment Area (1985)	11/27/34
Airport Original Area	10/22/26
Airport First Amendment Area (1980)	6/10/30
Airport Second Amendment Area (1985)	11/27/34
Limit on Gross Tax Increment from the Downtown/Airport Redevelopment Project:	$621,000,000
Gross Tax Increment from the Downtown/Airport Redevelopment Project as of June 30, 2004:	$136,888,547
Limit on Outstanding Debt:	$149,000,000
Outstanding Debt (1):	$51,260,863

(1) The outstanding debt for this Redevelopment Project includes (i) $40,435,000 outstanding principal amount of the Agency's Merged Project Area Tax Allocation and Refunding Bonds Series 2003 and (ii) $10,825,863 of the principal amount of the 2004 Bonds, which is approximately 44.9% of the total principal amount of the 2004 Bonds of $24,115,000. For purposes of complying with the Redevelopment Plans, the Agency allocated the principal amount of the 2004 Bonds to the four Redevelopment Projects based on each Redevelopment Project's projected contribution to payment of the 2004 Bonds' debt service, assuming no future growth in Tax Revenues and adjusted for payment of existing senior obligations. However, Tax Revenues from this Redevelopment Project may be used to pay debt service on the entire outstanding principal amount of the 2004 Bonds, if necessary.

If assessed values were to grow at a future annual rate of 8%, the Downtown/Airport Redevelopment Project would not reach the cumulative tax increment limit prior to fiscal year 2034-35, the year in which final debt service on the 2004 Bonds is due. If assessed values were to grow at a future annual rate of 10%, the Downtown/Airport Redevelopment Project would reach the cumulative tax increment limit in fiscal year 2033-34. Because the Agency receives the majority of its Tax Revenues for a fiscal year in two payments (50% in January and 50% in May), all Tax Revenues necessary for payment of final debt service on the 2004 Bonds would be received by the Agency in or prior to fiscal year 2033-34. Assessed values in the Downtown/Airport Redevelopment Project have grown an average of approximately 1.5% between fiscal year 1999-00 and 2004-05 (estimated).

The Agency has covenanted in the Indenture to (i) annually review the total amount of Tax Revenues remaining available to be received by the Agency under the cumulative tax increment limit in the Redevelopment Project and (ii) not accept Tax Revenues greater than debt service on the Bonds (including the 2004 Bonds and any Parity Bonds) and any subordinate debt in any year, if such acceptance would cause the amount remaining to be received as Tax Revenues under the cumulative tax increment limit to fall below 105% of the remaining cumulative annual debt service on the Bonds (including the 2004 Bonds and any Parity Bonds) and any subordinate debt, except for the purpose of depositing the Tax Revenues into escrow for future debt service on the Bonds (including the 2004 Bonds and any Parity Bonds) and any subordinate debt.

Tax Rate

The tax rate within the Downtown/Airport Redevelopment Project is 1.0058%, which is the result of a 1% general tax levy and a 0.0058% Metropolitan Water District tax levy. The tax rate does not include taxes levied with respect to districts which received voter approval for debt after 1988.

For purposes of projecting Tax Revenues (see "Projected Tax Revenues"), the assumed tax rate is 1.0%.

Historical Taxable Values, Gross Tax Increment Revenue, Housing Set-Aside and Tax Revenues

The following table sets forth historical taxable values, Housing Set-Aside and Tax Revenues for the Downtown/Airport Redevelopment Project. The total assessed valuation of taxable property in the Downtown/Airport Redevelopment Project in fiscal year 2004-05 is estimated to be $923,656,678, and the corresponding incremental assessed valuation is estimated to be $761,444,153.

Assessed values for the Downtown/Airport Redevelopment Project decreased in fiscal years 2003-04 and 2004-05 for the following primary reasons:

- The assessed value of property owned by Rohr Inc./BF Goodrich in the Downtown/Airport Redevelopment Project decreased from $75.9 million in fiscal year 2002-03 to $49.9 million in fiscal year 2004-05. The declines are mostly attributable to assessment appeals (fiscal year 2003-04) and declines in value of fixtures and personal property (fiscal year 2004-05). See " - Largest Taxpayers" below.

- The assessed value of property owned by Metal Container Corporation in the Downtown/Airport Redevelopment Project decreased from $48.2 million in fiscal year 2002-03 to $35.1 million in fiscal year 2004-05.

- The assessed value of property owned by Toro Company in the Downtown/Airport Redevelopment Project decreased from $44.4 million in fiscal year 2002-03 to approximately $15.6 million in fiscal year 2004-05. Toro Company, a major industrial use in the Downtown/Airport Redevelopment Project, relocated its manufacturing operations to Texas and Mexico in December 2001. Although the Toro Company reportedly maintains the property after having converted its use from manufacturing to office use, the loss of the manufacturing use resulted in an assessed value decline in the fixture and personal property portion of the assessed value.

Table 18
DOWNTOWN/AIRPORT REDEVELOPMENT PROJECT
Historical Taxable Values and Tax Revenues

Year (1)	Secured	Utility	Unsecured	Total Assessed Value	Incremental Assessed Value (2)	Gross Tax Increment (3)	Housing Set-Aside	Tax Revenues (4)
1999-00	$772,000,601	$691,506	$85,550,101	$858,242,208	$696,029,683	$7,584,953	1,516,991	$1,204,991
2000-01	790,006,915	662,247	84,140,901	874,810,063	712,597,538	7,503,006	1,500,601	1,188,601
2001-02	809,956,978	662,247	110,122,424	920,741,649	758,529,124	8,073,321	1,614,664	1,302,664
2002-03	845,810,566	681,596	112,728,750	959,220,912	797,008,387	8,450,977	1,690,195	1,378,195
2003-04	833,539,965	1,451,335	95,896,864	930,888,164	768,675,639	8,205,315	1,641,063	1,329,063
2004-05	818,650,860	1,608,459	103,397,359	923,656,678	761,444,153	7,941,996	1,588,399	1,276,399

(1) Value and revenue data for 1999-00 through 2003-04 is actual. Tax increment revenue for 2004-05 is estimated by DHA Consulting.
(2) Base year value of $162,212,525.
(3) Except as noted, amounts shown are actual tax receipts, including supplemental revenues.
(4) Tax Revenues does not include Housing Set-Aside generated in the Downtown/Airport Redevelopment Project that is used by the Agency under the Breezewood Pledge Agreement (assumed to be $312,000) through May 1, 2019.

Source: DHA Consulting; Riverside County Assessor

Largest Taxpayers

The largest tax payers in the Downtown/Airport Redevelopment Project according to the fiscal year 2004-05 assessed valuations (estimated) are shown below with their respective estimated fiscal year 2004-05 aggregate secured and unsecured assessed valuations.

Table 19
DOWNTOWN/AIRPORT REDEVELOPMENT PROJECT
Ten Largest Property Taxpayers
Fiscal Year 2004-05

Taxpayer	# of Parcels	Land Use	Assessed Valuation	Percent of Total AV (1)
Rohr Inc./B. F. Goodrich	15	Industrial	49,989,362	5.41%
Riverside Healthcare System (2)	13	Hospital	48,692,703	5.27
Press Enterprise	1	Industrial	37,168,361	4.02
Metal Container Corp	2	Industrial	35,133,756	3.80
Historic Mission Inn Corporation	4	Hotel	29,049,158	3.15
Dow Jones & Co/Realty Corp	20	Industrial	23,813,256	2.58
California Auto Dealers Exchange	3	Indust./Vacant	21,640,536	2.34
CTF4 Mission Square	1	Office	21,177,431	2.29
Vertis Inc.	1	Unsec./Indust.	18,622,143	2.02
Riverside Centre Associates	15	Office	17,130,508	1.85
Total (3)	60		$302,417,214	32.74%

(1) For purposes of this table, total valuation of the Downtown/Airport Redevelopment Project in fiscal year 2004-05 is $923,656,678.

(2) The 2005-06 assessed value for Riverside Healthcare is expected to be approximately $51 million higher than the amount shown above. The County processed several parcel changes for the facility and erroneously enrolled several parcels with land and improvement values of only $1.00. In fiscal year 2003-04, the assessed value of the land and improvements for those parcels was $50.2 million. The Riverside County Assessor reports that a correction is being processed, and that the 2005-06 assessed value should equal the 2003-04 assessed value increased by the Proposition 13 inflation factor. The projections set forth in " - Projected Tax Revenues" assume this apparent error will be corrected as predicted by the Riverside County Assessor.

(3) Excludes $17.2 million in assessed value for Harvest Christian Fellowship, which is assumed to be treated as tax exempt beginning in fiscal year 2005-06. See " – Projected Tax Revenues" and APPENDIX H – "Fiscal Consultant Report".

Source: DHA Consulting; Riverside County Assessor

The top five property taxpayers in Fiscal Year 2004-05 accounted for approximately 21.66% of the total estimated assessed value in the Downtown/Airport Redevelopment Project in Fiscal Year 2004-05. The following is a brief description of the top five taxpayers and their activities in the Downtown/Airport Redevelopment Project:

Rohr Inc./B.F. Goodrich. Rohr Inc. is part of the Goodrich Aerospace/Aerostructures Group (NYSE: GR). The company manufactures nacelle systems, pylons or struts, and other components for commercial and military aircraft. The Riverside facility, which employs approximately 800 people, is approximately 1,170,000 square feet and is located on 78.12 acres of land, and produces metal-bonded structures and assemblies for commercial programs. The assessed value declines attributable to Rohr Inc./B.F. Goodrich are largely attributable to assessment appeals (fiscal year 2003-04) and declines in value of fixtures and personal property (fiscal year 2004-05). Over the past few years, Rohr Inc./B.F. Goodrich has been investing in plant, equipment and manufacturing processes in order to transform its facility into a manufacturing facility capable of work on specialized bonded composite structures for aircraft manufacturers. The Agency cannot predict the impact on assessed values of the transition of the facility.

Riverside Healthcare System. Riverside Healthcare System operates as Riverside Community Hospital, which is a 369-bed full-service, acute-care hospital located in Riverside. In May 1997, Columbia/HCA Healthcare Corporation (NYSE: COL) announced completion of a joint venture with Riverside Community Hospital, giving the company a 75% interest in formerly tax-exempt Riverside Community Hospital from the Board of Community Health Corporation (CHC), the facility's parent company. Recently, Riverside Community Hospital celebrated the grand opening of its new $8.2 million, 8,200 square foot Cancer Center on January 30, 2003. Construction is underway for a $20 million expansion of the Emergency Room Services, which treats 55,000 patients per year.

Press Enterprise. The Press-Enterprise Company is the leading provider of news and information for Inland Southern California, through newspaper and magazine publishing, printing, Internet and telephone information services. The Press-Enterprise has 180,000 subscribers daily and about 185,000 subscribers on Sundays. The Company's Riverside headquarters is on an 11.71 acre site with several buildings totaling approximately 250,000 square feet.

Metal Container Corp. Metal Container Corporation ("MCC"), the largest business unit of Anheuser-Busch Packaging Group, produces more than 25 billion cans and 28 billion lids annually at its 11 can and lid manufacturing facilities. MCC supplies approximately 60 percent of Anheuser-Busch's can and 80 percent of Anheuser-Busch's lid requirements and is a significant supplier to the U.S. soft-drink container market. Anheuser-Busch Packaging Group is a subsidiary of Anheuser-Busch Companies, Inc. (NYSE: BUD). The Riverside facility is a lid manufacturing facility situated on 8.3 acres in an 83,000 square-foot building.

Historic Mission Inn Corporation. The Historic Mission Inn Corporation purchased the Mission Inn, a 240-room, 326,000 square foot hotel and historic national landmark, in 1992. The Agency financed a portion of the acquisition as part of a disposition and development agreement with the Corporation.

Assessment Appeals

Appeals have routinely been filed by a number of major taxpayers in the Redevelopment Projects. See "LIMITATIONS ON TAX REVENUES - Property Assessment Appeals".

The following table summarizes appeal information that the Agency believes is likely to impact future assessed values in the Downtown/Airport Project. The table includes information about currently outstanding appeals. It should be noted that reductions to reported 2004-05 assessed values can occur as a result of the resolution of appeals of prior years' valuations.

Table 20
DOWNTOWN/AIRPORT REDEVELOPMENT PROJECT
Pending Appeals

Applicant	Years Outstanding	Number of Assessments	Applicant's Opinion	Contested Value
Outstanding				
Toro Company	2001-2003	1	$8,500,000	$15,606,468
Dow Jones(2)	2001-2003	4	12,830,281	23,813,256
Metal Container Corp. (2)	2003	1	30,602,857	35,133,756
Kilroy Realty (CTF4 Mission Sq.) (2)	2003	3	16,933,000	21,177,431
Riverside Healthcare(2)	2003	3	19,000,000	24,015,001
Misc.	2003	11	11,988,461	20,447,881
Total Outstanding		23	$99,854,599	$140,193,793

(1) The estimated reduction is based on recent appeal resolution history for the Redevelopment Project and other areas in the City.
(2) Reflects one of the top 10 largest taxpayers in the Redevelopment Project.
DHA Consulting; Riverside County Assessor's Appeal Database.

For purposes of projecting future tax increment revenues (see " - Projected Tax Revenues"), it has been estimated that currently outstanding appeals will proportionately reduce taxable values in fiscal year 2004-05 and thereafter. It has been assumed that the resolution of the outstanding appeals will result in a 15 percent reduction ($21,029,069) in assessed values of the affected properties in the Downtown/Airport Redevelopment Project. Projected future tax increment revenues also reflect a resolved appeal filed by Toro Company with respect to fiscal year 2001-02; the contested value was $2,228,588 and the resolved value was $1,743,480, resulting in an assessed value reduction of $485,108.

New Construction Activity

To the extent set forth below, the projected Tax Revenues (see "- Projected Tax Revenues") assumes future assessed values will increase as a result of the following recently-completed or in-progress construction:

Market Street Corporate Center. Construction has commenced on the first phase of a two phase office project located at the 60 Freeway and Market Street, across from Fairmount Park. Both office buildings are anticipated to be 60,000 square feet, although only the first phase is included in the projections of future tax increment revenues. The Tax Revenue projections included in this Official Statement assume $8.5 million of assessed value will be added to the Redevelopment Project as a result of the first phase of this development.

Mission Village Homes (1st & Market Single Family Homes). Construction is just finishing up on 48 single family homes located in downtown Riverside: 28 were sold prior to January 1, 2004 and the remaining 20 have sold since January, or are expected to be sold prior January 1, 2005. Sales prices range from $220,000 to $260,000. The Tax Revenue projections included in this Official Statement assume $3.4 million of assessed value will be added to the Redevelopment Project as a result of this development. Additional residential development is being planned but is not included in the revenue projections.

Tamale Factory. A 9,000 square foot Mexican restaurant is being relocated into a new facility in the downtown area. The restaurant's former location was acquired by the Agency last year to further redevelopment of the area around the Mission Inn. The Tax Revenue projections included in this Official Statement assume approximately $1.5 million of assessed value will be added to the Redevelopment Project as a result of this relocation.

PIP Printing/Relocation and Rehabilitation. A copying and printing facility was relocated from one location in the Downtown Project to another. The Tax Revenue projections included in this Official Statement assume $1 million of assessed value will be added to the Redevelopment Project as a result of this relocation.

Existing Senior Obligations

As described more completely in "EXISTING SENIOR OBLIGATIONS," Tax Revenues does not include Housing Set-Aside used by the Agency to meet its obligations under the Breezewood Pledge Agreement. The Agency's obligations under the Breezewood Pledge Agreement terminate on May 1, 2019.

Projected Tax Revenues

The following table details projected Tax Revenues in the Downtown/Airport Redevelopment Project. The projections start with estimated fiscal year 2004-05 assessed values and then utilize the following assumptions:

<u>Tax Rate</u>: The projections assume a 1.0% tax rate, although the current tax rate in the Redevelopment Project is 1.0058%.

Inflation Rate: In California, real property values (land and improvements) are subject to an annual inflationary increase, as allowed under Proposition 13. The projection table assumes, with respect to secured and unsecured property, a 2.0 percent inflation factor in fiscal year 2005-06 and thereafter. See "BOND OWNERS' RISK - Reduction in Inflationary Rate." Assessed values of personal property and state-assessed (non-unitary property) are assumed to remain at their estimated fiscal year 2004-05 levels.

New Development: Assessed values have been increased in specific future years to reflect recently-completed or in-progress developments. See " - New Construction Activity" above.

Other Taxable Value Adjustments. In the Downtown/Airport Redevelopment Project, the projections reflect the following:

- The Agency is acquiring several parcels of taxable property for permanent public use, which will result in the parcels being exempt from real property taxation. An estimate of the value of these properties ($5,000,000) has been deducted from the projected assessed values for 2005-06 and thereafter.

- The assessed value reported by the County for the Riverside Healthcare facility decreased significantly in fiscal year 2004-05 as the result of a parcel change processing error (see "- Largest Taxpayers"). The Riverside County Assessor reports that the error will be corrected and, as a result, the projections assume $50,253,510 will be added to the 2005-06 assessed values.

- Property owned by Harvest Christian Fellowship ($17,201,650 2004-05 estimated assessed value) is categorized as taxable even though churches and other religious organizations may be exempt from property taxation upon filing for an exemption. Although it is possible that Harvest Christian Fellowship will continue to pay taxes and not file for an exemption, the projections assume the property will be tax-exempt beginning in fiscal year 2005-06.

Appeals: The projections assume assessed values are reduced in fiscal year 2005-06 as a result of the resolution of pending appeals. For the Downtown/Airport Redevelopment Project, it is assumed that the resolution of outstanding appeals will result in a 15 percent assessed value reduction of the affected properties. Refunds related to the resolution of these appeals have not been incorporated into the revenue projections because it is the County's practice to hold redevelopment agencies harmless in the event of refunds.

Table 21
DOWNTOWN/AIRPORT REDEVELOPMENT PROJECT
Projected Tax Revenues

Fiscal Year	Secured & Unsecured Property	Personal Property & State-Assessed Property	Appeals	New Development(1)	Total Assessed Value	Incremental Assessed Value	Tax Increment Revenues (2)	Housing Set-Aside	Tax Revenues (3)
2004-05	$788,348,496	$135,308,182			$923,656,678	$761,444,153	$7,941,996	$1,588,399	$1,276,399
2005-06	804,115,466	135,308,182	($21,514,177)	$36,788,293	954,697,764	792,485,239	8,252,406	1,650,481	1,338,481
2006-07	835,471,891	135,308,182		4,320,000	975,100,073	812,887,548	8,456,429	1,691,286	1,379,286
2007-08	856,501,329	135,308,182		1,440,000	993,249,511	831,036,986	8,637,924	1,727,585	1,415,585
2008-09	875,071,356	135,308,182			1,010,379,538	848,167,013	8,809,224	1,761,845	1,449,845
2009-10	892,572,783	135,308,182			1,027,880,965	865,668,440	8,984,238	1,796,848	1,484,848
2010-11	910,424,238	135,308,182			1,045,732,420	883,519,895	9,162,753	1,832,551	1,520,551
2011-12	928,632,723	135,308,182			1,063,940,905	901,728,380	9,344,838	1,868,968	1,556,968
2012-13	947,205,378	135,308,182			1,082,513,560	920,301,035	9,530,564	1,906,113	1,594,113
2013-14	966,149,485	135,308,182			1,101,457,667	939,245,142	9,720,005	1,944,001	1,632,001
2014-15	985,472,475	135,308,182			1,120,780,657	958,568,132	9,913,235	1,982,647	1,670,647
2015-16	1,005,181,924	135,308,182			1,140,490,106	978,277,581	10,110,330	2,022,066	1,710,066
2016-17	1,025,285,563	135,308,182			1,160,593,745	998,381,220	10,311,366	2,062,273	1,750,273
2017-18	1,045,791,274	135,308,182			1,181,099,456	1,018,886,931	10,516,423	2,103,285	1,791,285
2018-19	1,066,707,100	135,308,182			1,202,015,282	1,039,802,757	10,725,582	2,145,116	1,833,116
2019-20	1,088,041,242	135,308,182			1,223,349,424	1,061,136,899	10,938,923	2,187,785	2,187,785
2020-21	1,109,802,067	135,308,182			1,245,110,249	1,082,897,724	11,156,531	2,231,306	2,231,306
2021-22	979,468,710	116,519,748			1,095,988,458	946,862,229	9,547,768	1,909,554	1,909,554
2022-23	996,170,115	116,519,748			1,112,689,863	963,563,634	9,714,782	1,942,956	1,942,956
2023-24	531,224,697	65,160,258			596,384,955	490,435,858	4,937,821	987,564	987,564
2024-25	534,663,222	65,160,258			599,823,480	493,874,383	4,972,206	994,441	994,441
2025-26	538,170,518	65,160,258			603,330,776	497,381,679	5,007,279	1,001,456	1,001,456
2026-27	397,349,505	44,687,681			442,037,186	343,355,705	3,450,937	690,187	690,187
2027-28	400,998,496	44,687,681			445,686,177	347,004,696	3,487,427	697,485	697,485
2028-29	404,720,467	44,687,681			449,408,148	350,726,667	3,524,647	704,929	704,929
2029-30	408,516,877	44,687,681			453,204,558	354,523,077	3,562,611	712,522	712,522
2030-31	197,489,254	17,716,960			215,206,214	142,811,201	1,434,420	286,884	286,884
2031-32	201,439,039	17,716,960			219,155,999	146,760,986	1,473,918	294,784	294,784
2032-33	205,467,820	17,716,960			223,184,780	150,789,767	1,514,206	302,841	302,841
2033-34	209,577,177	17,716,960			227,294,137	154,899,124	1,555,299	311,060	311,060

(1) Includes new development and other adjustments.

(2) The Agency's right to receive tax increment terminates in the Original Area of the Downtown Redevelopment Project on November 16, 2021, in the 1975 Annex of the Downtown Redevelopment Project on November 18, 2025, in the Original Area of the Airport Redevelopment Project on October 22, 2026, and in the 1975 Annex of the Airport Redevelopment Project on June 10, 2030. However, the Riverside County Assessor only reports data on a segregated basis with respect to the Downtown Original Area, the 1975 Third Amendment Area and the 1985 Fourth Amendment Area; it does not separately report data with respect to the 1972 First Amendment Area or the 1974 Second Amendment Area. If the County is including property and increment related to the 1972 First Amendment Area and the 1974 Second Amendment Area in the Original Area, then these projections overstate the pace at which Agency will stop receiving Tax Revenues in the Downtown/Airport Redevelopment Project. However, if the County is including property and increment related to the 1972 First Amendment Area or the 1974 Second Amendment Area in the 1975 Third Amendment Area, then these projections understate the pace at which the Agency will stop receiving Tax Revenues in the Downtown/Airport Redevelopment Project.

(3) Tax Revenues does not include Housing Set-Aside generated in the Downtown/Airport Redevelopment Project that is used by the Agency to meet its obligations under the Breezewood Pledge Agreement (assumed to be $312,000) through May 1, 2019.

Source: DHA Consulting; Redevelopment Agency of the City of Riverside.

CERTAIN AGGREGATE DATA RELATING TO THE REDEVELOPMENT PROJECTS

General

The City and the Agency have made findings that the Housing Projects financed with proceeds of the 2004 Bonds, although they may be located outside of the Redevelopment Projects, will benefit all four Redevelopment Projects; as a result, Tax Revenues includes Housing Set-Aside generated in each Redevelopment Project without consideration of in which Redevelopment Project the Housing Projects are actually built. All of the Tax Revenues received in any fiscal year from each of the four Redevelopment Projects will be deposited in the Special Fund of the Agency and used as set forth in the Indenture.

Land Use in the Redevelopment Projects

A summary of land use in the Redevelopment Projects on an aggregate basis is shown in the following table:

Table 22
AGGREGATE REDEVELOPMENT PROJECTS
Land Use by Assessed Value
Fiscal Year 2004-05

Land Use	Parcels	2004-05 Estimated Assessed Value	Percent of Total
Residential	2,960	$463,712,340	18.16%
Commercial	1,359	933,824,473	36.57
Industrial	236	544,432,513	21.32
Recreational	8	11,399,080	0.45
Institutional	85	111,562,542	4.37
Vacant	846	113,436,640	4.44
SBE (1)	78	5,547,491	0.22
Possessory Interest (1)	149	33,213,430	1.30
Unsecured (1)	2,295	297,223,113	11.64
Miscellaneous	1	5,036,132	0.20
Unknown	32	34,138,871	1.34
TOTALS	5,527	$2,553,526,625	100.00%

(1) Indicates the number of assessments in this category but actually represents a duplicate parcel count, and consequently are not included in the total parcel count.
Source: DHA Consulting; Riverside County Assessor.

Largest Taxpayers

The following table summarizes the aggregate concentration of property ownership based upon the estimated fiscal year 2004-05 assessed value of the property owned by the top 10 property owners in each Redevelopment Project.

Table 23
AGGREGATE REDEVELOPMENT PROJECTS
Concentration of Property Ownership
Fiscal Year 2004-05

Project Area	Assessed Value of Top 10 Taxpayers	Total Assessed Value - Redevelopment Projects	Percentage of Total
University/Sycamore	$317,870,125	$622,309,002	51.08%
Arlington	121,851,669	607,999,546	20.04
Magnolia Center	100,077,678	399,561,399	25.05
Downtown/Airport	302,417,214	923,656,678	32.74
Total	$842,216,686	$2,553,526,625	32.98%

Source; DHA Consulting; Riverside County Assessor.

See also "BOND OWNERS' RISKS - Concentration of Property Ownership" for a discussion of likely changes in concentration over the life of the 2004 Bonds.

Assessment Appeals

The following table summarizes the aggregate estimated appeal impact (as more specifically addressed in the sections entitled "Assessment Appeals" relating to each Redevelopment Project).

Table 24
AGGREGATE REDEVELOPMENT PROJECTS
Summary of Estimated Appeal Impact

Redevelopment Project	No. of Appeals	Total Contested Value	Estimated Resolved Value (1)	Projected Impact on Future Value	Percent Change
Downtown/Airport (1)	23	140,193,793	119,164,724	(21,029,069)	-15.0%
University/Sycamore	16	191,840,004	172,656,004	(19,184,000)	-10.0
Arlington	16	49,969,402	44,972,462	(4,996,940)	-10.0
Magnolia Center	13	8,735,577	7,862,019	(873,558)	-10.0
Total	68	$390,738,776	$344,655,209	($46,083,567)	-12.0%

(1) All appeals which are estimated to impact future assessed value are pending appeals with the exception of one resolved appeal for $2.2 million in the Downtown/Airport Project Area.

Source: DHA Consulting; Riverside County Assessor.

AGGREGATE PROJECTED TAX REVENUES AND ESTIMATED DEBT SERVICE COVERAGE

Projected Tax Revenues and Estimated Debt Service Coverage

The following table details projected debt service coverage on the 2004 Bonds using the projected Tax Revenues set forth in the Redevelopment Project-specific sections of this Official Statement.

Table 25
REDEVELOPMENT PROJECTS IN THE AGGREGATE
Projected Tax Revenues and Estimated Debt Service Coverage

Fiscal Year	Univ/Syc. Projected Housing SET-ASIDE	Arlington Projected Housing Set-Aside	Magnolia Center Projected Housing Set-Aside	Dwntn/Airp. Projected Housing Set-Aside	Total Projected Housing Set-Aside	1999 Bonds Debt Service[1]	Breezewood Annual Loan Proceeds[1]	Total - Existing Senior Obligations	Projected Tax Revenues	2004 Bonds Debt Service	Projected 2004 Bonds Debt Service Coverage
2004-05	$1,035,170	$332,160	$176,269	$1,588,399	$3,131,998	$312,737	$312,000	$624,737	$2,507,261	$1,207,395	207.66%
2005-06	1,056,470	376,922	214,981	1,650,481	3,298,854	310,461	312,000	622,461	2,676,393	1,599,071	167.37
2006-07	1,136,847	410,360	238,634	1,691,286	3,477,127	312,002	312,000	624,002	2,853,125	1,596,471	178.71
2007-08	1,178,305	433,823	254,063	1,727,585	3,593,776	312,174	312,000	624,174	2,969,602	1,598,071	185.82
2008-09	1,203,576	457,972	269,981	1,761,845	3,693,374	311,028	312,000	623,028	3,070,346	1,598,671	192.06
2009-10	1,229,709	482,604	286,217	1,796,848	3,795,378	313,579	312,000	625,579	3,169,799	1,598,271	198.33
2010-11	1,256,364	507,729	302,778	1,832,551	3,899,422	311,623	312,000	623,623	3,275,799	1,596,871	205.14
2011-12	1,283,553	533,357	319,670	1,868,968	4,005,548	311,377	312,000	623,377	3,382,171	1,599,471	211.46
2012-13	1,311,285	559,497	336,900	1,906,113	4,113,795	311,717	312,000	623,717	3,490,078	1,595,871	218.69
2013-14	1,339,572	586,159	354,475	1,944,001	4,224,207	312,613	312,000	624,613	3,599,594	1,599,971	224.98
2014-15	1,368,425	613,355	372,401	1,982,647	4,336,828	312,000	312,000	624,000	3,712,828	1,598,021	232.34
2015-16	1,397,855	641,095	390,686	2,022,066	4,451,702	311,983	312,000	623,983	3,827,720	1,598,209	239.50
2016-17	1,427,874	669,390	409,336	2,062,273	4,568,873	310,563	312,000	622,563	3,946,311	1,601,240	246.45
2017-18	1,458,492	698,251	428,359	2,103,285	4,688,387	311,803	312,000	623,803	4,064,585	1,596,840	254.54
2018-19	1,489,724	727,689	447,763	2,145,116	4,810,292	313,545	312,000	625,545	4,184,747	1,595,128	262.35
2019-20	1,521,579	757,715	467,555	2,187,785	4,934,634	310,668		310,668	4,623,966	1,796,278	257.42
2020-21	1,554,072	788,342	487,743	2,231,306	5,061,463	313,449		313,449	4,748,014	1,793,853	264.68
2021-22	1,587,215	819,582	508,334	1,909,554	4,824,685	312,569		312,569	4,512,116	1,609,178	280.40
2022-23	1,621,021	851,447	529,337	1,942,956	4,944,761	311,769		311,769	4,632,992	1,610,353	287.70
2023-24	1,655,502	883,948	550,761	987,564	4,077,775	312,400		312,400	3,765,375	1,244,278	302.62
2024-25	1,690,674	917,100	572,613	994,441	4,174,828	338,363		338,363	3,836,466	1,226,353	312.84
2025-26	1,726,549	950,915	594,901	1,001,456	4,273,821	339,350		339,350	3,934,471	1,222,503	321.84
2026-27	1,763,141	985,406	617,636	690,187	4,056,370	336,506		336,506	3,719,864	1,018,753	365.14
2027-28	1,484,973	1,020,587	640,825	697,485	3,843,870				3,843,870	1,103,003	348.49
2028-29	1,516,785	1,007,668	664,479	704,929	3,893,861				3,893,861	1,086,253	358.47
2029-30	1,549,233	1,043,246	688,605	712,522	3,993,606				3,993,606	1,084,543	368.23
2030-31	1,582,330	1,079,537	713,213	286,884	3,661,964				3,661,964	885,893	413.36
2031-32	1,616,089	1,116,553	738,314	294,784	3,765,740				3,765,740	884,760	425.62
2032-33	1,650,523	1,154,309	763,917	302,841	3,871,590				3,871,590	886,930	436.52
2033-34	751,948	1,192,821	790,032	311,060	3,045,861				3,045,861	587,160	518.74

(1) See "EXISTING SENIOR OBLIGATIONS".
Source: DHA Consulting; Redevelopment Agency of the City of Riverside.

BOND OWNERS' RISKS

The following information should be considered by prospective investors in evaluating the 2004 Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations that may be relevant to investing in the 2004 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of these risks.

Reduction of Tax Base

The Tax Revenues allocated to the Agency constitute the primary security for the 2004 Bonds. Tax Revenues are determined by the amount of incremental assessed value of taxable property in one or more Redevelopment Projects, the current rate or rates at which property in such Redevelopment Project or Redevelopment Projects is taxed, and the percentage of taxes collected in such Redevelopment Project or Redevelopment Projects.

Several types of events beyond the control of the Agency could occur and cause a reduction in available Tax Revenues that secure the 2004 Bonds, including among others the following: a reduction of taxable values of property in one or more of the Redevelopment Projects caused by local or regional economic factors; a relocation out of one or more of the Redevelopment Projects by one or more major property owners; successful appeals by property owners for a reduction in a property's assessed value; a reduction of the general inflationary rate; or the destruction of property caused by natural or other disasters. This risk increases in proportion to the percent of total assessed value attributable to any single assessee in any Redevelopment Project.

For information regarding the largest assessees of the Redevelopment Projects, see the sections entitled "Largest Taxpayers" in each of the sections describing the four Redevelopment Projects.

Reduction in Inflationary Rate

As described in greater detail below, Article XIIIA of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis.

Because Article XIIIA limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. Since Article XIIIA was approved, the annual adjustment for inflation has fallen below the 2% limitation five times: in fiscal year 1983-84, 1%; in fiscal year 1995-96, 1.19%; in fiscal year 1996-97, 1.11%; in fiscal year 1999-00, 1.85%; and in fiscal year 2004-05, 1.867%. The Agency is unable to predict if any adjustments to the full cash value base of real property within either Redevelopment Project, whether an increase or a reduction, will be realized in the future.

Future Changes In the Law

In addition to the existing limitations on Tax Revenues described herein under "LIMITATIONS ON TAX REVENUES," the California electorate or Legislature could adopt future limitations with the effect of reducing Tax Revenues payable to the Agency.

Levy and Collection of Taxes

The Agency has no independent power to levy or collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Tax Revenues and the Housing Set Aside, and accordingly, could have an adverse impact on the ability of the Agency to repay the 2004 Bonds.

Likewise, delinquencies in the payment of property taxes by the owners of land in the Redevelopment Projects, and the impact of bankruptcy proceedings on the ability of taxing agencies to collect property taxes, could have an adverse effect on the Agency's ability to make timely payments on the 2004 Bonds. Any reduction in Tax Revenues and, consequently the Tax Revenues, whether for any of these reasons or any other reasons, could have an adverse effect on the Agency's ability to pay the principal of and interest on the 2004 Bonds.

Riverside County follows a policy similar to the "Teeter Plan"; and consequently, property tax revenues in the Redevelopment Project do not reflect actual collections because the County allocates to redevelopment agencies 100 percent of the calculated tax increment without adjustment for delinquencies, redemption payments or roll adjustments. The County could elect to terminate this policy and, in such event, the amount of the levy of tax increment received by the Agency would depend upon the actual collections of the secured taxes within the Redevelopment Projects. Substantial delinquencies in the payment of property taxes could impair the timely receipt by the Agency of Tax Revenues and Tax Revenues.

Concentrated Property Ownership

As shown in the section entitled "CERTAIN AGGREGATE DATA RELATING TO THE REDEVELOPMENT PROJECTS - Largest Taxpayers," the 10 largest taxpayers in each Redevelopment Project account for approximately 32.98% of aggregate assessed value in the Redevelopment Projects based on estimated fiscal year 2004-05 assessed values. The level of concentration varies among the Redevelopment Projects.

Because each Redevelopment Plan establishes a unique final date for receipt of tax increment revenue (and, therefore, Tax Revenues), the level of concentration will change over time. The following table highlights the 10 largest taxpayers, the Redevelopment Project (and subarea) in which they are located, and the date on which Tax Revenues attributable to each such taxpayer will no longer be available to the Agency to pay debt service on the 2004 Bonds.

Table 26
REDEVELOPMENT PROJECTS IN THE AGGREGATE
Ten Largest Taxpayers and Related Redevelopment Plan Limits

Assessee	2004-05 Assessed Value (1)	Redevelopment Project (and Subarea)	Final Date to Receive Tax Revenues
State Street Bank/Ralph's	$130,873,825	Sycamore (Original)	December 20, 2033
Rohr Inc./B.F. Goodrich	49,989,362	Airport (1985 Annex)	November 27, 2034
Riverside Healthcare System	48,692,703	Downtown (1975 Annex)	November 18, 2025
Bottling Group	47,480,417	Sycamore (Original)	December 20, 2033
Bryan H. Richter	37,642,911	University (1985 Annex)	None
Press Enterprise	37,168,361	Downtown (1975 Annex)	November 18, 2025
Metal Container Corp.	35,133,756	Airport (Original)	October 22, 2026
University Village	32,855,078	University (1985 Annex)	None
Historic Mission Inn Corp.	29,049,158	Downtown (Original)	November 16, 2021
Dow Jones & Co./Realty Corp.	23,813,256	Airport (1980 Annex)	June 10, 2030

(1) The assessed values shown in this table represent the value for each property owner as it exists within the indicated Redevelopment Project. These same property owners may also own property in other Redevelopment Projects, but that value, if any, is not reflected in this table.
Source: DHA Consulting; Riverside County Assessor.

Litigation Regarding 2 Percent Limitation

In a Minute Order issued on November 2, 2001, in County of Orange v. Orange County Assessment Appeals Board No. 3, Case No. 00CC03385, the Orange County Superior Court held that where a home's taxable value did not increase for two years, due to a flat real estate market, the Orange County assessor violated the two percent inflation adjustment provision of Article XIIIA when the assessor tried to "recapture" the tax value of the property by increasing its assessed value by 4% in a single year. The assessors in most California counties use a similar methodology in raising the taxable values of property beyond 2% in a single year.

On December 27, 2001, the Orange County Superior Court issued an order declaring the practice of "recapturing" to be unconstitutional. Following further actions on other related issues in the case (including the certification of class action status for this case), the court entered a Final Judgment on April 18, 2003, and the case is now released from the local court.

In 2002 two local courts (Los Angeles and San Diego) ruled differently on the "recapture" issue. When local courts differ, the subject matter is often subject to a uniformity review by higher courts to address statewide issues of uniformity and equal protection.

Orange County, the Orange County Tax Collector and the Orange County Assessor appealed the Superior Court ruling to California Court of Appeal for the Fourth Appellate District. The appellate court issued its ruling on March 26, 2004, overturning the trial court in the case (now captioned County of Orange, et al., v. Bezaire, Case No. G032412). The appellate court held that the trial court erred in ruling that assessments are always limited to no more than 2% of the previous year's assessment, and that the base on which the 2% inflation factor is figured remains that of the original purchase price (or assessment at the time of new construction), not any reduced based resulting from a reassessment in the wake of a decline in property values.

On May 6, 2004, the case was appealed to the California Supreme Court as Case No. S124682. On July 21, 2004, the California Supreme Court denied the petition for review.

Estimates of Tax Revenues

To estimate the total revenues available to pay debt service on the 2004 Bonds, the Agency has made certain assumptions detailed in "AGGREGATE HISTORICAL TAX REVENUES, PROJECTED TAX REVENUES AND ESTIMATED DEBT SERVICE COVERAGE". The Agency believes these assumptions to be reasonable, but to the extent that the actual assessed values in the Redevelopment Projects, the tax rates, the rate of inflation, the percentage of taxes collected, the results of assessment appeals, or the impact of the State budget situation are different than the Agency assumptions, the total revenues available to pay debt service on the 2004 Bonds could be less than those projected in this Official Statement. See "AGGREGATE HISTORICAL TAX REVENUES, PROJECTED TAX REVENUES AND ESTIMATED DEBT SERVICE COVERAGE".

Additional Obligations

The Agency may issue bonds or incur other obligations payable from Tax Revenues on a parity with the 2004 Bonds, provided that the conditions set forth in the Indenture are met. The Agency may also issue bonds or incur obligations payable from Tax Revenues which are subordinate to the 2004 Bonds. See See "SECURITY FOR THE 2004 BONDS - Issuance of Additional Debt" AND APPENDIX A - "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

Natural Disasters

Natural disasters, including floods and earthquakes, could damage improvements and/or property in the Redevelopment Projects, or impair the ability of landowners within the Redevelopment Projects to develop their properties or to pay property taxes.

Earthquakes. There are several identified faults within close proximity to or within the boundaries of the Redevelopment Projects that could potentially result in damage to buildings, roads, bridges, and property within the Redevelopment Projects in the event of an earthquake. Past experiences have resulted in minimal damage to the infrastructure and property within the Redevelopment Projects. A significant portion of existing property within the Redevelopment Projects was generally developed prior to adoption of the 1988 Uniform Building Code standards.

If an earthquake were to substantially damage or destroy taxable property within a Redevelopment Project, the assessed valuation of such property would be reduced. Such a reduction of assessed valuations could result in a reduction of the Tax Revenues that secure the 2004 Bonds.

Floods. The property within the Redevelopment Projects is generally not within any designated flood plain areas.

Hazardous Substances

The discovery of hazardous substances on the property in a Redevelopment Project could limit the beneficial use of taxable property within the Redevelopment Projects. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. Should any of the property within any of the Redevelopment Projects be affected by a hazardous substance, the effect could be to reduce the marketability and value of the property by the costs of remedying the condition or other amounts, which could result in the reduction in the assessed value of property in the Redevelopment Projects.

Bankruptcy Risks

The enforceability of the rights and remedies of the owners of the 2004 Bonds and the obligations of the Agency may become subject to the following, and the various legal opinions to be delivered concurrently with the delivery of the 2004 Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equitable principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose.

Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the 2004 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

State Budget

The State of California faces severe budget issues for fiscal year 2004-05 and possibly beyond. In connection with its approval of former budgets, the State Legislature enacted legislation, that among other things, reallocated a portion of funds from redevelopment agencies to school districts by shifting each agency's tax increment, net of amounts due to other taxing agencies, to school districts ("**ERAF**" shifts).

The Governor signed the 2004-05 State Budget on July 31, 2004. The 2004-05 State Budget again includes a transfer by redevelopment agencies to the applicable ERAFs. However, the aggregate amount of ERAF transfers by redevelopment agencies will increase from $135 million (in Fiscal Year 2003-04) to $250 million in each of Fiscal Years 2004-05 and 2005-06. The Agency's share of the annual $250 million shift for Fiscal Years 2004-05 and 2005-06 is approximately $1.5 million in each fiscal year.

As part of the State Budget, the Governor and the Legislature also agreed to place a constitutional amendment on the November 2004 ballot (the "**Local Government Initiative**");

the Local Government Initiative would, among other things, prohibit any further transfers of non-education local government property taxes for the benefit of the State; however, the Local Government Initiative does not purport to change existing law with respect to the State's ability to transfer redevelopment agencies' property tax revenues.

The Agency cannot predict whether the State Legislature will enact legislation impacting future Tax Revenues. Given the level of the State's budget deficit problems, it is possible that tax increment available for payment of the 2004 Bonds may be reduced in the future by actions of the State Legislature.

Information about the State budget and State spending is available at various State-maintained websites. Text of the budget may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget." An impartial analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. In addition, various State of California official statements for its various debt obligations, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.ca.gov. All of such websites are provided for general informational purposes only and the material on such sites is in no way incorporated into this Official Statement.

CERTAIN LEGAL MATTERS

Best Best & Krieger LLP, Riverside, California, Bond Counsel, will render an opinion with respect to the 2004 Bonds substantially in the form set forth in Appendix D to this Official Statement. Copies of this opinion will be available at the time of delivery of the 2004 Bonds. The fee paid to Best Best & Krieger LLP as Bond Counsel is contingent on the successful sale and delivery of the 2004 Bonds.

Certain legal matters will be passed upon for the Agency, the City and the Authority by the City Attorney of the City.

Jones Hall, A Professional Law Corporation, San Francisco, California, is acting as counsel to the Underwriter. The fee paid to Jones Hall as Underwriter's counsel is contingent on the successful sale and delivery of the 2004 Bonds.

RATINGS

Standard & Poor's Credit Ratings Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**"), has assigned the 2004 Bonds a rating of "AAA", upon the understanding that Financial Guaranty will issue the Municipal Bond New Issue Insurance Policy simultaneously with the issuance and delivery of the 2004 Bonds. S&P has also assigned an underlying rating to the 2004 Bonds of "A-".

These ratings reflect only the views of S&P. Explanations of the significance of such ratings must be obtained from S&P. There is no assurance that such ratings will continue for any given period of time or will not be revised downward or withdrawn entirely by such rating agency, if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2004 Bonds.

UNDERWRITING

Purchase of 2004 Bonds. A portion of the 2004 Bonds is being purchased for reoffering by Stone & Youngberg LLC (the "**Underwriter**"). The Underwriter has agreed to purchase the 2004 Bonds maturing on August 1, 2005 through August 1, 2028 (the "**2004 Underwritten Bonds**") for $19,423,016.75 (equal to the principal amount of the 2004 Underwritten Bonds ($19,450,000), *plus* an original issue premium on the 2004 Underwritten Bonds of $112,795.35, and *less* an underwriter's discount of $139,778.60). The 2004 Bonds maturing on August 1, 2034, in the principal amount of $4,665,000, have been privately placed at par with Fannie Mae. The Composite Purchase Contract under which the Underwriter is purchasing the 2004 Underwritten Bonds provides that the Underwriter will purchase all of the 2004 Underwritten Bonds if any are purchased. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in the Composite Purchase Contract.

Offering Prices. The Underwriter may offer and sell the 2004 Underwritten Bonds to certain dealers and others at prices different from the prices stated on the inside front cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriter.

CONTINUING DISCLOSURE

The Agency has covenanted for the benefit of owners of the 2004 Bonds to provide certain financial information and operating data relating to the Agency by not later than April 1 in each year, commencing April 1, 2005 (the "**Annual Report**"), and to provide notices of the occurrence of certain enumerated events, if material. The Agency will file each Annual Report with each Nationally Recognized Municipal Securities Information Repository, and with the appropriate State information depository, if any. The Agency will file any notices of material events with with (i) each National Repository or the Municipal Securities Rulemaking Board and (ii) each appropriate State Repository (if any). These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the "**Rule**"). See "APPENDIX E - FORM OF CONTINUING DISCLOSURE CERTIFICATE."

The Agency has never failed to comply in all material respects with its previous undertakings under the Rule to provide annual continuing disclosure reports and notices of material events.

LITIGATION

There is no litigation pending or, to the Agency's knowledge, threatened in any way to restrain or enjoin the issuance, execution or delivery of the 2004 Bonds, to contest the validity of the 2004 Bonds, the Indenture, or any proceeding of the Agency with respect to the 2004 Bonds or the Indenture. In the opinion of the Agency and its counsel there are no lawsuits or claims pending against the Agency that may materially affect the Agency's finances so as to impair its ability to pay the principal of, premium (if any) and interest on the 2004 Bonds when due.

TAX MATTERS

In the opinion of Best Best & Krieger LLP, Riverside, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2004 Bonds is excluded from gross income for federal income tax purposes, and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph with respect to the 2004 Bonds are subject to the condition that the Agency comply with all requirements of the Internal Revenue Code of 1986 (the "**Code**") that must be satisfied subsequent to the issuance of the 2004 Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The Agency has covenanted to comply with each requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest on the 2004 Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the 2004 Bonds.

In the further opinion of Bond Counsel, interest on the 2004 Bonds is exempt from California personal income taxes.

If the stated redemption price at maturity of a 2004 Bond is greater than the issue price of such 2004 Bond (the first price at which a substantial amount of the 2004 Bonds of a maturity are to be sold to the public), the difference constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bond Owner will increase the Bond Owner's basis in the applicable Bond. Original issue discount that accrues to the Bond Owner is excluded from the gross income of such owner for Federal income tax purposes, is not an item of tax preference for purposes of the Federal alternative minimum tax imposed on individuals and corporations (as described above), and is exempt from State of California personal income taxes.

If the issue price of a 2004 Bond is greater than the stated redemption price at maturity of such 2004 Bond, the difference constitutes original issue premium, which is not deductible from gross income for Federal income tax purposes. The amount of amortizable 2004 Bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each such 2004 Bond or, in the case of a callable 2004 Bond, on a more accelerated basis. For purposes of determining gain or loss on the sale or other disposition of such 2004 Bond, an initial purchaser who acquires such obligation in the initial offering to the public at the initial offering price is required to decrease such purchaser's adjusted basis in such 2004 Bond annually by the amount of amortizable premium for the taxable year.

Owners of the 2004 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2004 Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the 2004 Bonds other than as expressly described above.

A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX D hereto.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

McGladrey & Pullen, Minneapolis, Minnesota (the "**Verification Agent**"), will verify the arithmetical accuracy of certain computations included in the schedules provided by the Agency relating to discharge of the 1994 Loan Agreement and the 1994 Authority Bonds, specifically the sufficiency of amounts deposited into the Escrow Fund (i) to pay the scheduled payment under the 1994 Loan Agreement on December 1, 2004 and prepay the remaining amounts on December 1, 2004 (at a prepayment price of 102%) and (ii) to pay the scheduled principal and interest payment on the 1994 Authority Bonds on December 1, 2004 and redeem the remaining outstanding 1994 Authority Bonds on December 1, 2004 (at a redemption price of 102%). See "FINANCING PLAN" herein.

The Verification Agent has restricted its procedures to verification of the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

EXECUTION

All information contained in this Official Statement pertaining to the Agency and the City have been furnished by the Agency and the City, and the execution and delivery of this Official Statement have been duly authorized by the Agency.

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE

By: \s\ Michael J. Beck
Executive Director

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APPENDIX A

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a brief summary of certain provisions of the Trust Indenture (the "Indenture") authorizing the Bonds that are not otherwise described in the text of this Official Statement. Such summary is not intended to be definitive, and reference is made to the actual Indenture (copies of which may be obtained from the Agency) for the complete terms thereof.

Definitions

"**Annual Debt Service**" means, for each Fiscal Year, the sum of (a) the interest payable on the Outstanding Bonds in such Fiscal Year, assuming that the Outstanding Serial Bonds are retired as scheduled and that the Outstanding Term Bonds are redeemed from sinking fund payments as scheduled and (b) the principal amount of the Outstanding Serial Bonds payable by their terms in such Fiscal Year and the principal amount of the Outstanding Term Bonds scheduled to be paid or redeemed from sinking fund payments in such Fiscal Year, excluding the redemption premiums, if any, thereon. For purposes of such calculation, there shall be excluded the principal of and interest on any Parity Bonds, determined among the maturities of such Parity Bonds in such manner as may be determined by the Agency in the Supplemental Indenture under which such Parity Bonds are issued, to the extent the proceeds thereof are then deposited in an escrow fund from which amounts may not be released to the Agency except in accordance with the provisions of the Indenture relating to Parity Bonds.

"**Bond Counsel**" means any attorney or firm of attorneys nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities and selected by the Agency.

"**Bond Fund**" means the fund by that name established pursuant to the Indenture.

"**Bond Year**" means, with respect to the 2004 Bonds, the twelve-month period extending from August 2 in any year to the following August 1, both dates inclusive; provided, however, that the first Bond Year shall begin on the Closing Date and end on August 1, 2005, and with respect to any Parity Bonds shall have the meaning ascribed in any Supplemental Indenture relating thereto.

"**Bonds**" means the 2004 Bonds and, to the extent required by any Supplemental Indenture, any Parity Bonds authorized by, and at any time Outstanding pursuant to the Indenture and such Supplemental Indenture.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in New York, New York, Los Angeles, California, and the city in which the Corporate Trust Office is located, are authorized or obligated by law to be closed.

"**Chair**" means the chairperson of the Agency appointed pursuant to Section 33113 of the Health and Safety Code of the State of California, or other duly appointed officer of the Agency authorized by the Agency by resolution or by law to perform the functions of the chairperson in the event of the chairperson's absence or disqualification.

"**City**" means the City of Riverside, California.

"**Closing Date**" means any date upon which there is a physical delivery of any series of the Bonds in exchange for an amount representing the purchase price of the Bonds by the original purchaser.

"**Code**" means the Internal Revenue Code of 1986, as amended. Any reference to a provision of the Code shall be deemed to include the applicable Tax Regulations promulgated with respect to such provision.

"**Continuing Disclosure Certificate**" means the certificate of that name of the Agency, dated the Closing Date and any amendments or supplements thereto.

"**Corporate Trust Office**" means the corporate trust office of the Trustee at 633 West Fifth Street, 24th Floor, Los Angeles, California 90017; or such other address or office as it shall designate in writing to the Agency and the Owners.

"**Costs of Issuance**" means items of expense payable or reimbursable directly or indirectly by the Agency and related to the authorization, sale and issuance of the Bonds, which items of expense shall include, but not be limited to, printing costs, costs of reproducing and binding documents, closing costs, filing and recording fees, initial fees and charges of the Trustee including its first annual administration fee, expenses incurred by the Agency in connection with the issuance of the Bonds, underwriter's discount, original issue discount, legal fees and charges, including bond counsel and financial consultants' fees, costs of cash flow verifications, premiums for any municipal bond insurance policy that may be purchased and for any reserve account surety bond the Agency may purchase, rating agency fees, charges for execution, transportation and safekeeping of the Bonds and other costs, charges and fees in connection with the original issuance of the Bonds.

"**Costs of Issuance Fund**" means the fund by that name established by the Indenture.

"**County**" means the County of Riverside, California.

"**County Assessor**" means the person who holds the office in the County in which the Agency is located designated as the County Assessor, or one of his duly appointed deputies, or any person or persons performing substantially the same duties in the event said office is ever abolished or changed.

"**County Auditor-Controller**" means the person who holds the office in the County in which the Agency is located designated as the County Auditor-Controller, or one of his duly appointed deputies, or any person or persons performing substantially the same duties in the event said office is ever abolished or changed.

"**Defeasance Obligations**" mean any of the following: (1) cash; (2) direct non-callable obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledge; (3) Refcorp interest strips; (4) CATS, TIGRS, STRPS; (5) defeased municipal bonds rated AAA by S&P or Aaa by Moody's; (6) any combination of the foregoing.

"**Executive Director**" means the executive director of the Agency appointed pursuant to the Law, or other duly appointed officer of the Agency authorized by the Agency by resolution or by law to perform the functions of the executive director including, without limitation, any deputy executive director of the Agency.

"**Event of Default**" means any of the events described in the Indenture.

"**Fiscal Year**" means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both inclusive, or any other twelve-month period hereafter selected and designated by the Agency as its official fiscal year period.

"**Housing Projects Fund**" means the fund by that name held by the Trustee pursuant to the Indenture.

"**Independent Certified Public Accountant**" means any accountant or firm of such accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State of California, appointed by the Agency, and who, or each of whom: (1) is in fact independent and not under domination of the Agency; (2) does not have any substantial interest, direct or indirect, with the Agency; and (3) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

"**Independent Financial Consultant**" means any financial consultant or firm of such consultants appointed by the Agency, and who, or each of whom: (1) is in fact independent and not under domination of the Agency; (2) does not have any substantial interest, direct or indirect, with the Agency; and (3) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

"**Information Services**" means Financial Information, Incorporated's "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor, Mergent/MIS," 5250 77 Center Drive, Suite 150, Charlotte, NC 28217, Attention: Called Bonds Department; and Kenny S&P, 55 Water Street, 45th Floor, New York, New York 10041, Attention: Notification Department; or in accordance with then-current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds, or no such services, as the Agency may indicate in a certificate of the Agency delivered to the Trustee.

"**Insurer**" means Financial Guaranty Insurance Company, a New York stock insurance company, or any successor thereto.

"**Interest Account**" means the Account by that name established pursuant to the Indenture.

"**Interest Payment Date**" means February 1 and August 1 in any year in which Bonds are Outstanding, commencing August 1, 2005.

"**Law**" means the Community Redevelopment Law of the State of California, constituting Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code of the State of California, and the acts amendatory thereof and supplemental thereto.

"**Maximum Annual Debt Service**" means, as of the date of any calculation, the largest Annual Debt Service with respect to the Bonds during the current or any future Fiscal Year.

"**Moody's**" means Moody's Investors Service, its successors and assigns.

"**Outstanding**," when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture) all Bonds except: (1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (2) Bonds paid or deemed to have been paid within the meaning of the Indenture (regardless of whether all Bonds shall have been so paid or so deemed to have been paid); and (3) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Agency pursuant to the Indenture or any Supplemental Indenture.

"**Owner**" or "**Bondowner**" means the person or persons whose name appears on the registration books maintained by the Trustee as the registered owner of a Bond or Bonds.

"**Parity Bonds**" means any bonds, notes, loans, advances, or indebtedness issued or incurred by the Agency on a parity with the 2004 Bonds in accordance with the provisions of the Indenture.

"**Permitted Investments**" means:

(1) Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America ("U.S. Government Securities").

(2) Direct obligations* of the following federal agencies which are fully guaranteed by the full faith and credit of the United States of America:

(a) Export-Import Bank of the United States – Direct obligations and fully guaranteed certificates of beneficial interest

(b) Federal Housing Administration – debentures

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* See footnote on next page.

(c) General Services Administration – participation certificates

(d) Government National Mortgage Association ("GNMAs") – guaranteed mortgage-backed securities and guaranteed participation certificates

(e) Small Business Administration – guaranteed participation certificates and guaranteed pool certificates

(f) U.S. Department of Housing & Urban Development – local authority bonds

(g) U.S. Maritime Administration – guaranteed Title XI financings

(h) Washington Metropolitan Area Transit Authority – guaranteed transit bonds

(3) Direct obligations* of the following federal agencies which are not fully guaranteed by the faith and credit of the United States of America:

(a) Federal National Mortgage Association ("FNMAs") – senior debt obligations rated Aaa by Moody's Investors Service ("Moody's") and AAA by Standard & Poor's Ratings Services ("S&P")

(b) Federal Home Loan Mortgage Corporation ("FHLMCs") – participation certificates and senior debt obligations rated Aaa by Moody's and AAA by S&P

(c) Federal Home Loan Banks – consolidated debt obligations

(d) Student Loan Marketing Association – debt obligations

(e) Resolution Funding Corporation – debt obligations

(4) Direct, general obligations of any state of the United States of America or any subdivision or agency thereof whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody's and A or better by S&P, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody's and A or better by S&P.

(5) Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, P-1 by Moody's and A-1 or better by S&P.

(6) Certificates of deposit, savings accounts, deposit accounts or money market deposits in amounts that are continuously and fully insured by the Federal Deposit Insurance Corporation ("FDIC"), including the Bank Insurance Fund and the Savings Association Insurance Fund.

(7) Certificates of deposit, deposit accounts, federal funds or bankers' acceptances (in each case having maturities of not more than 365 days following the date of purchase) of any domestic commercial bank or United States branch office of a foreign bank, provided that such bank's short-term certificates of deposit are rated P-1 by Moody's and A-1 or better by S&P (not considering holding company ratings).

(8) Investments in money-market funds rated AAAm or AAAm-G by S&P.

(9) The Local Agency Investment Fund in the State Treasury of the State of California as permitted by the State Treasurer pursuant to Section 16429.1 of the California Government Code or any similar pooled investment fund administered by the State, to the extent such investment is held in the name and to the credit of the Trustee.

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* The following are explicitly excluded from the securities enumerated in 2 and 3:

(i) All derivative obligations, including without limitation inverse floaters, residuals, interest-only, principal-only and range notes;

(ii) Obligations that have a possibility of returning a zero or negative yield if held to maturity;

(iii) Obligations that do not have a fixed par value or those whose terms do not promise a fixed dollar amount at maturity or call date; and

(iv) Collateralized Mortgage-Backed Obligations ("CMOs").

(10) Repurchase agreements that meet the following criteria:

(a) A master repurchase agreement or specific written repurchase agreement, substantially similar in form and substance to the Public Securities Association or Bond Market Association master repurchase agreement, governs the transaction.

(b) Acceptable providers shall consist of (i) registered broker/dealers subject to Securities Investors' Protection Corporation ("SIPC") jurisdiction or commercial banks insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed rating of A3/P-1 or better by Moody's and A-/A-1 or better by S&P, or (ii) domestic structured investment companies approved by the Insurer and rated Aaa by Moody's and AAA by S&P.

(c) The repurchase agreement shall require termination thereof if the counterparty's ratings are suspended, withdrawn or fall below A3 or P-1 from Moody's, or A- or A-1 from S&P. Within ten (10) days, the counterparty shall repay the principal amount plus any accrued and unpaid interest on the investments.

(d) The repurchase agreement shall limit acceptable securities to U.S. Government Securities and to the obligations of GNMA, FNMA or FHLMC described in 2(d), 3(a) and 3(b) above. The fair market value of the securities in relation to the amount of the repurchase obligation, including principal and accrued interest, is equal to a collateral level of at least 104% for U.S. Government Securities and 105% for GNMAs, FNMAs or FHLMCs. The repurchase agreement shall require (i) the Trustee or the Agent to value the collateral securities no less frequently than weekly, (ii) the delivery of additional securities if the fair market value of the securities is below the required level on any valuation date, and (iii) liquidation of the repurchase securities if any deficiency in the required percentage is not restored within two (2) business days of such valuation.

(e) The repurchase securities shall be delivered free and clear of any lien to the Trustee or to an independent third party acting solely as agent ("Agent") for the Trustee, and such Agent is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the FDIC and which has combined capital, surplus and undivided profits or, if appropriate, a net worth, of not less than $50 million, and the Trustee shall have received written confirmation from such third party that such third party holds such securities, free and clear of any lien, as agent for the Trustee.

(f) A perfected first security interest in the repurchase securities shall be created for the benefit of the Trustee, and the issuer and the Trustee shall receive an opinion of counsel as to the perfection of the security interest in such repurchase securities and any proceeds thereof.

(g) The repurchase agreement shall have a term of one year or less, or shall be due on demand.

(h) The repurchase agreement shall establish the following as events of default, the occurrence of any of which shall require the immediate liquidation of the repurchase securities, unless the Insurer directs otherwise:

(i) insolvency of the broker/dealer or commercial bank serving as the counterparty under the repurchase agreement;
(ii) failure by the counterparty to remedy any deficiency in the required collateral level or to satisfy the margin maintenance call under item 10(d) above; or
(iii) failure by the counterparty to repurchase the repurchase securities on the specified date for repurchase.

(11) Investment agreements (also referred to as guaranteed investment contract) that meet the following criteria:

(a) A master agreement or specific written investment agreement governs the transaction.

(b) Acceptable providers of uncollateralized investment agreements shall consist of (i) domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least Aa2 by Moody's and AA by S&P; (ii) domestic insurance companies rated Aaa by Moody's and AAA by S&P; and (iii) domestic structured investment companies approved by the Insurer and rated Aaa by Moody's and AAA by S&P.

(c) Acceptable providers of collateralized investment agreements shall consist of (i) registered broker/dealers subject to SIPC jurisdiction, if such broker/dealer has an uninsured, unsecured and unguaranteed rating of A1 or better by Moody's and A+ or better by S&P; (ii) domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least A1 by Moody's and A+ by S&P; (iii) domestic insurance companies rated at least A1 by Moody's and A+ by S&P; and (iv) domestic structured investment companies approved by the Insurer and rated Aaa by Moody's and AAA by S&P. Required collateral levels shall be as set forth in 11(f) below.

(d) The investment agreement shall provide that if the provider's ratings fall below Aa3 by Moody's or AA- by S&P, the provider shall within ten (10) days either (i) repay the principal amount plus any accrued and interest on the investment; or (ii) deliver Permitted Collateral as provided below.

(e) The investment agreement must provide for termination thereof if the provider's ratings are suspended, withdrawn or fall below A3 from Moody's or A- from S&P. Within ten (10) days, the provider shall repay the principal amount plus any accrued interest on the agreement, without penalty.

(f) The investment agreement shall provide for the delivery of collateral described in (i) or (ii) below ("Permitted Collateral") which shall be maintained at the following collateralization levels at each valuation date:

(i) U.S. Government Securities at 104% of principal plus accrued interest; or

(ii) Obligations of GNMA, FNMA or FHLMC (described in 2(d), 3(a) and 3(b) above) at 105% of principal and accrued interest.

(g) The investment agreement shall require the Trustee or Agent to determine the market value of the Permitted Collateral not less than weekly and notify the investment agreement provider on the valuation day of any deficiency. Permitted Collateral may be released by the Trustee to the provider only to the extent that there are excess amounts over the required levels. Market value, with respect to collateral, may be determined by any of the following methods:

(i) the last quoted "bid" price as shown in Bloomberg, Interactive Data Systems, Inc., The Wall Street Journal or Reuters;

(ii) valuation as performed by a nationally recognized pricing service, whereby the valuation method is based on a composite average of various bid prices; or

(iii) the lower of two bid prices by nationally recognized dealers. Such dealers or their parent holding companies shall be rated investment grade and shall be market makers in the securities being valued.

(h) Securities held as Permitted Collateral shall be free and clear of all liens and claims of third parties, held in a separate custodial account and registered in the name of the Trustee or the Agent.

(i) The provider shall grant the Trustee or the Agent a perfected first security interest in any collateral delivered under an investment agreement. For investment agreements collateralized initially and in connection with the delivery of Permitted Collateral under 11(f) above, the Trustee and the Insurer shall receive an opinion of counsel as to the perfection of the security interest in the collateral.

(j) The investment agreement shall provide that moneys invested under the agreement must be payable and putable at par to the Trustee without condition, breakage fee or other penalty, upon not more than two (2) business days' notice, or immediately on demand for any reason for which the funds invested may be withdrawn from the applicable fund or account established under the authorizing document, as well as the following:

(i) In the event of a deficiency in the debt service account;
(ii) Upon acceleration after an event of default;
(iii) Upon refunding of the bonds in whole or in part;
(iv) Reduction of the debt service reserve requirement for the bonds; or
(v) If a determination is later made by a nationally recognized bond counsel that investments must be yield-restricted.

Notwithstanding the foregoing, the agreement may provide for a breakage fee or other penalty that is payable in arrears and not as a condition of a draw by the Trustee if the issuer's obligation to pay such fee or penalty is subordinate to its obligation to pay debt service on the bonds and to make deposits to the debt service reserve fund.

(k) The investment agreement shall establish the following as events of default, the occurrence of any of which shall require the immediate liquidation of the investment securities, unless:

(i) Failure of the provider or the guarantor (if any) to make a payment when due or to deliver Permitted Collateral of the character, at the times or in the amounts described above;
(ii) Insolvency of the provider or the guarantor (if any) under the investment agreement;
(iii) Failure by the provider to remedy any deficiency with respect to required Permitted Collateral;
(iv) Failure by the provider to make a payment or observe any covenant under the agreement;
(v) The guaranty (if any) is terminated, repudiated or challenged; or
(vi) Any representation of warranty furnished to the Trustee or the issuer in connection with the agreement is false or misleading.

(l) The investment agreement must incorporate the following general criteria:

(i) "Cure periods" for payment default shall not exceed two (2) business days;
(ii) The agreement shall provide that the provider shall remain liable for any deficiency after application of the proceeds of the sale of any collateral, including costs and expenses incurred by the Trustee or the Insurer;
(iii) Neither the agreement or guaranty agreement, if applicable, may be assigned (except to a provider that would otherwise be acceptable under these guidelines) or amended without the prior consent of the Insurer;
(iv) If the investment agreement is for a debt service reserve fund, reinvestments of funds shall be required to bear interest at a rate at least equal to the original contract rate.
(v) The provider shall be required to immediately notify Financial Guaranty and the Trustee of any event of default or any suspension, withdrawal or downgrade of the provider's ratings;
(vi) The agreement shall be unconditional and shall expressly disclaim any right of set-off or counterclaim;
(vii) The agreement shall require the provider to submit information reasonably requested by the Insurer, including balance invested with the provider, type and market value of collateral and other pertinent information.

(12) Forward delivery agreements in which the securities delivered mature on or before each interest payment date or draw down date that meet the following criteria:

(a) A specific written investment agreement governs the transaction.

(b) Acceptable providers shall be limited to (i) any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated A3/P-1 or better by Moody's and A-/A-1 or better by S&P; (ii) any commercial bank insured by the FDIC, if such bank has an uninsured, unsecured and unguaranteed obligation rated A3/P-1 or better by Moody's and A-/A-1 or better by S&P; and (iii) domestic structured investment companies approved by the Insurer and rated Aaa by Moody's and AAA by S&P.

(c) The forward delivery agreement shall provide for termination or assignment (to a qualified provider hereunder) of the agreement if the provider's ratings are suspended, withdrawn or fall below A3 or P-1 from Moody's or A- or A-1 from S&P. Within ten (10) days, the provider shall fulfill any obligations it may have with respect to shortfalls in market value. There shall be no breakage fee payable to the provider in such event.

(d) Permitted securities shall include the investments listed in 1, 2 and 3 above.

(e) The forward delivery agreement shall include the following provisions:

(i) The permitted securities must mature at least one (1) business day before a debt service payment date or scheduled draw. The maturity amount of the permitted securities must equal or exceed the amount required to be in the applicable fund on the applicable valuation date.

(ii) The agreement shall include market standard termination provisions, including the right to terminate for the provider's failure to deliver qualifying securities or otherwise to perform under the agreement. There shall be no breakage fee or penalty payable to the provider in such event.

(iii) Any breakage fees shall be payable only on debt service payment dates and shall be subordinated to the payment of debt service and debt service reserve fund replenishments.

(iv) The provider must submit at closing a bankruptcy opinion to the effect that upon any bankruptcy, insolvency or receivership of the provider, the securities will not be considered to be a part of the provider's estate, and otherwise acceptable to the Insurer.

(v) The agreement may not be assigned (except to a provider that would otherwise be acceptable under these guidelines) or amended without the prior written consent of the Insurer.

(13) Forward delivery agreements in which the securities delivered mature after the funds may be required but provide for the right of the issuer or the Trustee to put the securities back to the provider under a put, guaranty or other hedging arrangement, only with the prior written consent of the Insurer and S&P.

(14) Maturity of investments shall be governed by the following:

(a) Investments of moneys (other than reserve funds) shall be in securities and obligations maturing not later than the dates on which such monies will be needed to make payments.

(b) Investments shall be considered as maturing on the first date on which they are redeemable without penalty at the option of the holder or the date on which the Trustee may require their repurchase pursuant to repurchase agreements.

(c) Investments of moneys in reserve funds not payable upon demand shall be restricted to maturities of five years or less.

(15) Written notice shall be provided to S&P with respect to any investment in the investments listed in 10, 11, 12 or 13 above.

"**Policy**" or "**Insurance Policy**" means the municipal bond new issue insurance policy issued by the Insurer that guarantees payment of the principal of and interest on the 2004 Bonds.

"**Principal Account**" means the Account by that name established pursuant to the Indenture.

"**Principal Payment Date**" means August 1 in each year in which any of the 2004 Bonds mature by their respective terms; and with respect to any Parity Bond means the stated maturity date of such Parity Bond.

"**Purchase Price**", for the purpose of computation of the Yield of the Bonds, has the same meaning as the term "issue price" in Section 1273(b) and 1274 of the Code, and, in general, means the initial offering price to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bonds are sold or, if the Bonds are privately placed, the price paid by the original purchaser thereof or the acquisition cost of such original purchaser. The term "Purchase Price," for the purpose of computation of the Yield of Permitted Investments, means the fair market value of the Permitted Investments on the date of use of Bond proceeds for acquisition thereof, or if later, on the date that any Permitted Investment becomes a Nonpurpose Investment, as defined in the Code, of the Bonds.

"**Rebate Account**" means the Account by that name established and held by the Trustee pursuant to the Indenture.

"**Record Date**" means, with respect to any Interest Payment Date, the close of business on the fifteenth calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day.

"**Redemption Fund**" means the fund by that name established by the Indenture.

"**Redevelopment Consultant**" means any consultant or firm of consultants appointed by the Agency and judged by the Agency to have experience in matters relating to the collection of Tax Revenues or otherwise with respect to financing in redevelopment project areas, and who, or each of whom: (1) is in fact independent and not under domination of the Agency; (2) does not have any substantial interest, direct or indirect, with the Agency; and (3) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

"Redevelopment Fund" means the fund by that name established and held by the Trustee pursuant to the Indenture, which Redevelopment Fund shall include therein a "2004 Series A Redevelopment Account" and a "2004 Series B Redevelopment Account".

"**Redevelopment Plans**" or "**Plans**" means the redevelopment plans approved and adopted by the City for the University Corridor/Sycamore Canyon Merged Redevelopment Project, the Merged Airport Industrial Project Area and Downtown Project Are, the Arlington Redevelopment Project Area and the Magnolia Center Redevelopment Project Area, and includes any amendment of said plan heretofore or hereafter made pursuant to the Law.

"**Redevelopment Projects**" or "**Projects**" means the undertaking of the Agency pursuant to the Redevelopment Plans, as amended, and the Law for the redevelopment of the Redevelopment Project Areas.

"**Redevelopment Project Areas**" or "**Project Areas**" means the Redevelopment Project Areas described in the Redevelopment Plans.

"**Registration Books**" means the records maintained by the Trustee pursuant to the Indenture for the registration and transfer of ownership of the Bonds.

"**Report**" means a Report in writing signed by an Independent Certified Public Accountant, Independent Financial Consultant or Redevelopment Consultant and including – (1) a statement that the person or firm making or giving such Report has read the pertinent provisions of the Indenture to which such Report relates; (2) a brief statement as to the nature and scope of the examination or investigation upon which the Report is based; and (3) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said consultant to express an informed opinion with respect to the subject matter referred to in the Report.

"**Reserve Account**" means the account by that name established pursuant to the Indenture, within which Reserve Account there shall be created separate subaccounts with respect to each series of the Bonds.

"**Reserve Requirement**" means, with respect to each series of the Bonds, as of the date of calculation an amount equal to the lesser of (i) 10% of the initial outstanding principal amount of such series of Bonds excluding from said principal amount in the case of any Parity Bonds an amount equal to the amount then on deposit in any escrow fund created with respect to such Parity Bonds created pursuant to the Indenture; (ii) Maximum Annual Debt Service on such series of Bonds; or (iii) 125% of average Annual Debt Service on such series of Bonds.

"**S&P**" shall mean Standard & Poor's Rating Service, a division of McGraw-Hill Companies, Inc., its successors and assigns.

"**Securities Depositories**" means The Depository Trust Company; and, in accordance with then current guidelines of the Securities and Exchange Commission, and/or such other securities depositories as the Agency may designate in a Written Request of the Agency delivered to the Trustee.

"**Serial Bonds**" means with respect to the 2004 Bonds, all of the 2004 Bonds other than the 2004 Bonds which are Term Bonds, and with respect to Parity Bonds, means all of the Bonds of such series of Parity Bonds of such series which are not Term Bonds.

"**Special Fund**" means the fund by that name established by the Indenture.

"**State**" means the State of California.

"**Supplemental Indenture**" means an agreement, resolution or other instrument then in full force and effect which has been duly adopted by the Agency, amendatory of or supplemental to the Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

"**Tax Increment Limitation**" means with respect to each Redevelopment Project, the maximum amount of tax increment which may be paid to the Agency for such Redevelopment Project, as said limitation may be amended from time to time pursuant to Section 33333.2 of the Redevelopment Law.

"**Tax Regulations**" means temporary and permanent regulations promulgated under Section 103 and related provisions of the Code.

"**Tax Revenue Certificate**" means a written certificate of the Agency identifying the amount of Tax Revenues calculated by a Redevelopment Consultant taking into account information on assessed valuation shown on the records of the County Assessor to be received by the Agency in either the current Bond Year or the next Bond Year; provided that a Tax Revenue Certificate with respect to Parity Bonds shall contain the information required by Section 3.03 of the Indenture.

"**Tax Revenues**" means that portion of taxes annually allocated to the Agency with respect to the Project Areas following the Closing Date pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State and as provided in the Redevelopment Plans, including all payments, subventions and reimbursements (if any) to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations, that are required to be deposited into the Low and Moderate Income Housing Fund of the Agency in any Fiscal Year pursuant to Sections 33334.2 and 33334.3 of the Redevelopment Law, but subject to the following limitations:

(i) In the case of the University Corridor/Sycamore Canyon Merged Redevelopment Project, there shall be excluded any such taxes used to pay debt service on (a) the Agency's Tax Allocation Bonds 1999 Series A (University Corridor/Sycamore Canyon Merged Redevelopment Project) issued under an Indenture dated April 1, 1999 between the Agency and U.S. Bank National Association; and (b) the Agency's Subordinate Tax Allocation Bonds, 1999 Series B (University Corridor/Sycamore Canyon Merged Redevelopment Project) issued under an Indenture dated April 1, 1999 between the Agency and U.S. Bank National Association; and

(ii) In the case of the Merged Airport Industrial Project Area and Downtown Project Area, there shall be excluded any such taxes used to pay Annual Loan Proceeds (as defined in the hereinafter referenced Agreement) under that certain Agreement for Pledge and Repayment of Redevelopment Agency Airport/Downtown Low and Moderate Income Housing Fund (Breezewood Apartments Project) between the Agency and KDF Breezewood, L.P., a California limited partnership and dated October 7, 2003.

"**Term Bonds**" means, with respect to the 2004 Bonds, the 2004 Bonds originally issued under the Indenture maturing on August 1, 2028 and August 1, 2034; and with respect to any Parity Bonds, means such Parity Bonds which are payable on or before their specified Principal Payment Dates from sinking account payments established for that purpose and calculated to retire such Parity Bonds on or before their respective Principal Payment Dates.

"**Treasurer**" means the treasurer of the Agency appointed pursuant to the Law, or other duly appointed officer of the Agency authorized by the Agency by resolution delivered to the Trustee or by law to perform the functions of the treasurer including, without limitation, the Assistant Treasurer of the Agency.

"**2004 Bonds**" means the $24,115,000 aggregate principal amount of Redevelopment Agency of the City of Riverside Housing Set-Aside 2004 Tax Allocation Bonds, Series A.

"**2004 Bonds Reserve Subaccount**" means the subaccount by that name in the Reserve Account established by the Indenture.

"**Written Request of the Agency**" means an instrument in writing signed by any of the Chairman, the Executive Director, the Assistant Executive Director, the Deputy Executive Director or by any other officer of the Agency duly authorized by the Agency for that purpose.

"**Yield**" means that yield which, when used in computing the present worth of all payments of principal and interest (or other payments in the case of Permitted Investments which require payments in a form not characterized as principal and interest) on a Permitted Investment or on any series of the Bonds produces an amount equal to the Purchase Price of such Permitted Investment or any series of the Bonds, as the case may be, all computed as prescribed in the applicable Tax Regulations.

COSTS OF ISSUANCE FUND; REDEVELOPMENT FUND; REDEMPTION FUND

Cost of Issuance Fund. The Indenture creates a "Costs of Issuance Fund," which shall be held by the Trustee in trust. The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the Agency stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On the date six months following the Closing Date, or upon the earlier Written Request of the Agency stating that all known Costs of Issuance have been paid, all amounts, if any, remaining in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Agency to be applied for lawful redevelopment purposes.

Housing Fund. The Indenture creates a special fund to be known as the "Redevelopment Agency of the City of Riverside, 2004 Housing Projects Fund" (the "Housing Projects Fund"), which the Trustee shall hold for the benefit of the Agency and into which there shall be deposited proceeds of the 2004 Bonds in the amount set forth in the Indenture. The moneys deposited in the Housing Projects Fund shall remain therein until expended from time to time for the purpose of paying any portion of the costs of low and moderate income housing projects within or of benefit to the Redevelopment Projects and permitted by the Section 33334.2 and following of the Law, and other costs related thereto. All amounts on deposit in the Redevelopment Fund shall be invested by the Trustee at the written direction of the Agency in Permitted Investments. Investment earnings on such Permitted Investments shall be retained in the Housing Projects Fund. The Agency covenants that moneys in the Housing Projects Fund shall be used in a manner that shall not cause interest on the 2004 Bonds to be included in gross income for federal income tax purposes.

Redemption Fund. The Indenture establishes the Redemption Fund which shall be held by the Trustee. On or before the Business Day preceding any date on which the Bonds are to be redeemed pursuant to the Indenture, the Agency shall deposit with the Trustee for deposit in the Redemption Fund (after taking into account moneys, if any, in the Principal Account for such purpose) an amount required to pay the principal of and premium, if any, on the Bonds to be redeemed pursuant to the Indenture. All moneys in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Bonds to be redeemed pursuant to the Indenture, on the date set for such redemption.

THE TAX REVENUES; SPECIAL FUND; BOND FUND AND ACCOUNTS; SURPLUS

Pledge of Tax Revenues. The Bonds shall be secured by a pledge of and first lien on all of the Tax Revenues (except as otherwise provided in the Indenture), and, by a pledge of all of the moneys in the Special Fund, the Bond Fund, the Interest Account, the Principal Account, the Reserve Account (each subaccount therein being pledged to a separate series of the Bonds) and the Redemption Fund. The Tax Revenues shall be allocated solely to the payment of the principal and interest, and redemption premium, if any, of the Bonds and to the Reserve Account for the purposes set forth in the Indenture; except that the Tax Revenues may be apportioned in such amounts for such other purposes as are expressly permitted by the Indenture. The pledge and allocation of Tax Revenues is for the exclusive benefit of the Bonds and shall be irrevocable until all of the Bonds have been paid and retired or until moneys have been set aside irrevocably for that purpose.

In consideration of the acceptance of the Bonds by those who shall own them from time to time, the Indenture shall be deemed to be and shall constitute a contract between the Agency and the Owners from time to time of the Bonds and the covenants and agreements set forth in the Indenture to be performed on behalf of the Agency shall be for the equal and proportionate security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof, of the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or in the Indenture.

Special Fund; Deposit of Tax Revenues. Under the Indenture, the Agency agrees to establish and hold a special fund to be known as the "Housing Set-Aside Tax Allocation Bonds Special Fund" (the "Special Fund"). The Agency shall deposit all of the Tax Revenues received in any Bond Year in the Special Fund promptly upon receipt thereof; provided, that the Agency shall not be obligated to deposit in the Special Fund in any Bond Year an amount of Tax Revenues which, together with other available amounts in the Special Fund exceeds the amounts required to be transferred to the Trustee for deposit in the Interest Account, Principal Account and the Reserve Account in such Bond Year pursuant to the Indenture. On or before the fifth day immediately preceding each Interest Payment Date, the Agency shall transfer from the Special Fund to the Bond Fund an amount equal to the principal and interest owing on the Bonds on such Interest Payment Date and an amount, if any, necessary to increase the amount in the Reserve Account to the Reserve Requirement. Any Tax Revenues received by the Agency during any Bond Year in excess of the amounts required to be transferred to the Trustee for deposit into the Interest Account, the Principal Account and the Reserve Account in such Bond Year pursuant to the Indenture, shall be released from the pledge and lien of the Indenture and may be used for any lawful purposes of the Agency.

Bond Fund; Establishment and Maintenance of Accounts. The Indenture establishes a special fund to be known as the "Arlington Redevelopment Project Tax Allocation Bonds Bond Fund (the "Bond Fund") which shall be held by the Trustee. Within the Bond Fund the Trustee shall establish an Interest Account, a Principal Account and a Reserve Account. All moneys in the Bond Fund shall be transferred and set aside by the Trustee in the following respective special accounts of the Bond Fund (each of which is created under the Indenture and to be held in trust by the Trustee) in the following order of priority:

(a) Interest Account. At least one Business Day prior to each Interest Payment Date, the Trustee shall transfer from the Bond Fund and set aside in the Interest Account an amount which, when added to the amount contained in the Interest Account will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Bonds issued under the Indenture and then Outstanding. The Trustee shall also deposit in the Interest Account any other moneys received by it from the Agency and designated in writing by the Agency for deposit in the Interest Account. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to the Indenture).

(b) Principal Account. At least one Business Day prior to each Principal Payment Date, the Trustee shall transfer from the Bond Fund and set aside in the Principal Account an amount which, when added to the amount contained in the Principal Account will be equal to the principal becoming due and payable on the Bonds on such Principal Payment Date, whether by reason of scheduled maturity or mandatory sinking fund redemption pursuant to the Indenture. No deposit need be made into the Principal Account if the amount contained therein is at least equal to the principal to become due on such Principal Payment Date, whether by reason of scheduled maturity or mandatory sinking fund redemption. The Trustee shall also deposit in the Principal Account any other moneys received by it from the Agency and designated in writing by the Agency for deposit in the Principal Account. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal on the Bonds as it shall become due and payable, whether by reason of scheduled maturity or mandatory sinking fund redemption.

(c) Reserve Account. At least one Business Day before each Interest Payment Date and after the deposits required pursuant to the preceding subparagraphs have been made, the Trustee shall withdraw from the Bond Fund and deposit in the Reserve Account and the separate subaccounts therein an amount of money, if any, required to maintain the Reserve Account and the separate subaccounts therein in the full amount of the Reserve Requirement. No deposit need be made in the Reserve Account and the separate subaccounts therein so long as there shall be on deposit therein a sum equal to at least the amount required by this paragraph to be on deposit therein. The Indenture further establishes the 2004 Bonds Reserve Subaccount in the Reserve Account. The 2004 Bonds Reserve Subaccount is pledged to the repayment of the 2004 Bonds and is not pledged to any other series of Bonds. There shall be established in the Reserve Account in connection with issuance of any series of Parity Bonds a separate subaccount into which there shall be deposited the amount required by the Supplemental Indenture relating to such series of Parity Bonds and which shall be pledged to repayment of such series of Parity Bonds. All money in the Reserve Account, and each subaccount therein on a series by series basis, shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Account and the Principal Account, in such order, in the event of any deficiency at any time in any of such accounts, or for the purpose of paying the interest on or principal of or redemption premiums, if any, on the applicable series of Bonds in the event that no other money of the Agency is lawfully available therefor, or for the retirement of all the applicable series of Bonds then Outstanding, except that so long as the Agency is not in default under the Indenture, any amount in the Reserve Account and each subaccount therein in excess of the amount required by this paragraph to be on deposit therein except as otherwise provided in the Indenture, shall, if directed by the Agency, be transferred to the Bond Fund.

The Reserve Requirement for a series of Bonds other than the 2004 Bonds may be satisfied by crediting to the Reserve Account moneys, a letter of credit, a bond insurance policy, any other comparable credit facility or any combination thereof, which has been approved in writing by the rating agency then rating the Bonds and which in the aggregate make funds available in the applicable subaccount in the Reserve Account in an amount equal to the Reserve Requirement. Upon the deposit with the Trustee of such letter of credit, bond insurance policy or other comparable credit facility, the Trustee shall transfer moneys then on hand in the applicable subaccount in the Reserve Account to the Redevelopment Fund to be applied for lawful redevelopment purposes for which proceeds of the applicable series of bonds can be used.

(d) Surplus. Except as may be otherwise provided in any Supplemental Indenture, the Agency shall not be obligated to transfer to the Trustee for deposit in the Bond Fund in any Bond Year an amount of Tax Revenues which, together with other available amounts in the Bond Fund, exceeds the amounts required in such Bond Year pursuant to the Indenture. In the event that for any reason whatsoever any amounts shall remain on deposit in the Bond Fund on any August 2 after making all of the transfers theretofore required to be made pursuant to the preceding clauses (a), (b) and (c) and pursuant to any Supplemental Indenture, the Trustee shall withdraw such amounts from the Bond Fund and transfer such amounts to the Agency, to be used for any lawful purposes of the Agency permitted by the Law.

COVENANTS OF THE AGENCY

Punctual Payment. The Agency covenants in the Indenture that it will punctually pay or cause to be paid the principal and interest to become due in respect of all the Bonds in strict conformity with the terms of the Bonds and of the Indenture, and it will faithfully observe and perform all of the conditions, covenants and requirements of the Indenture and all Supplemental Indentures and of the Bonds. Nothing contained in the Indenture shall prevent the Agency from making advances of its own moneys howsoever derived to any of the uses or purposes permitted by law.

Extension of Time for Payment In order to prevent any accumulation of claims for interest after maturity, the Agency covenants in the Indenture that it will not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and will not, directly or indirectly, approve any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded whether or not with the consent of the Agency, such claim for interest so extended or funded shall not be entitled, in case of default under the Indenture to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Against Encumbrances. Except for Parity Bonds issued in accordance with the terms of the Indenture, the Agency covenants in the Indenture that it will not issue any other obligations payable, as to either principal or interest, from the Tax Revenues which have, or purport to have, any lien upon the Tax Revenues superior to or on a parity with the lien of the Bonds; provided, however, that nothing in the Indenture shall prevent the

Agency from issuing and selling pursuant to law refunding bonds or other refunding obligations payable from and having a first lien on a parity basis with all Outstanding Parity Bonds upon the Tax Revenues if such refunding bonds or other refunding obligations are issued and are sufficient for the purpose of refunding all or a portion of the Bonds then Outstanding.

Protection of Security and Rights of Bondowners. The Agency covenants in the Indenture that it will preserve and protect the security of the Bonds and the rights of the Bondowners, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any of the Bonds by the Agency the Bonds shall be incontestable by the Agency.

Payments of Taxes and Other Charges. The Agency covenants in the Indenture that it will pay and discharge, or cause to be paid and discharged, all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Agency or the properties then owned by the Agency in the Project Areas, or upon the revenues therefrom, when the same shall become due. Nothing contained in the Indenture shall require the Agency to make any such payment so long as the Agency in good faith shall contest the validity of said taxes, assessments or charges. The Agency will duly observe and conform with all valid requirements of any governmental authority relative to the Project or any part thereof.

Compliance with Law; Completion of Project. The Agency covenants in the Indenture that it will comply with all applicable provisions of the Law in completing the Project including, without limitation, duly noticing and holding any public hearing required by either Section 33445 or 33679 of the Law prior to application of proceeds of the Bonds to any portion of the Projects subject to either Section 33445 or 33679. In addition, the Agency will comply timely with the public hearing and further requirements of Section 33334.6. The Agency will commence, and will continue to completion, with all practicable dispatch, the Projects and the Projects will be accomplished and completed in a sound and economical manner and in conformity with the Redevelopment Plans and the Law. Notwithstanding the foregoing, the Agency may, in accordance with applicable provisions of the Law, amend the limits of the Redevelopment Plans from time to time in order to extend the term or amount of any of such limits, so long as any such amendment will not reduce the amount of Tax Revenues to be received by the Agency, as certified in a certificate of a Redevelopment Consultant.

Financial Statements. The Agency covenants in the Indenture that it will cause to be prepared and filed with the Trustee annually, within two hundred and forty (240) days after the close of each Fiscal Year so long as any of the Bonds are Outstanding, complete financial statements with respect to such Fiscal Year showing the Tax Revenues, all disbursements from the Redevelopment Fund and the financial condition of the Projects, including the balances in all funds and accounts relating to the Projects, as of the end of such Fiscal Year. The Trustee shall have no duty to review such financial statements.

Taxation of Leased Property. The Agency covenants in the Indenture that whenever any property in the Redevelopment Projects has been redeveloped and thereafter is leased by the Agency to any person or persons (other than a public agency) or whenever the Agency leases real property in the Redevelopment Project to any person or persons (other than a public agency) for redevelopment, the property shall be assessed and taxed in the same manner as privately owned property, as required by Section 33673 of the Law.

Disposition of Property. The Agency covenants in the Indenture that it will not participate in the disposition of any land or real property in the Project Areas to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property dedicated for public right-of-way and except property planned for public ownership or use by the Redevelopment Plans in effect on the date of the Indenture) if the effect of such disposition would be to cause the amount of Tax Revenues for the then current Fiscal Year or any future Fiscal Year, based on a report (including projections of Tax Revenues) of a Redevelopment Consultant, to fall below 125% of debt service on the Bonds for such Fiscal Year, taking into account all Redevelopment Plan limitations, tax sharing agreements and other factors which would cause a reduction in Tax Revenues in any future Fiscal Year.

Tax Revenues. The Agency covenants in the Indenture that it shall comply with all requirements of the Law to insure the allocation and payment to it of the Tax Revenues including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County.

Use of Proceeds. The Agency covenants in the Indenture that the proceeds of the sale of the Bonds will be deposited and used as provided in the Indenture and the Law.

Further Assurances. The Agency covenants in the Indenture that it will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in the Indenture.

Private Activity Bond Limitation. The Agency covenants in the Indenture that it shall assure that the proceeds of the 2004 Bonds are not so used as to cause the 2004 Bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

Federal Guarantee Prohibition. The Agency covenants in the Indenture that it shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the 2004 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

Rebate Requirement. The Agency covenants in the Indenture that it shall take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the 2004 Bonds.

No Arbitrage. The Agency covenants in the Indenture that it shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the 2004 Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the 2004 Bonds, would have caused the 2004 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

Maintenance of Tax-Exemption. The Agency covenants in the Indenture that it shall take all actions necessary to assure the exclusion of interest on the 2004 Bonds from the gross income of the Owners of the 2004 Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the 2004 Bonds.

Limit on Indebtedness. The Agency covenants in the Indenture that it with the Owners of all of the Bonds at any time Outstanding that it will not enter into any obligation or make any expenditure payable from taxes allocated to the Agency under the Law the payments of which, together with payments theretofore made or to be made with respect to other obligations (including, but not limited to, the Bonds) previously entered into by the Agency, would exceed the then-effective limit on the amount of taxes which can be allocated to the Agency pursuant to Section 33333.2(1) of the Law and the Redevelopment Plan.

Continuing Disclosure. The Agency covenants in the Indenture that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of the Agency to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Trustee shall, at the written request of any participating underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, but only to the extent the Trustee has been indemnified from and against any loss, cost, expense, claim or liability, including, without limitation, fees and expenses of attorneys and additional fees and expenses of the Trustee or any Bondowner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Agency to comply with its obligations under the Continuing Disclosure Certificate.

Annual Review of Tax Revenues. The Agency covenants that it shall review the total amount of Tax Revenues remaining available to be received by the Agency under the Tax Increment Limitation, future cumulative Annual Debt Service and future cumulative annual debt service on any Subordinate Debt. The Agency will not accept Tax Revenues greater than the sum of Annual Debt Service and annual debt service on any Subordinate Debt in any year, if such acceptance will cause the amount remaining to be received as Tax Revenues under the Tax Increment Limit for the Redevelopment Plans to fall below 105% of the sum of the remaining cumulative Annual Debt Service and the remaining cumulative annual debt service on any Subordinate Debt, except for the purpose of (A) depositing such Tax Revenues in escrow for future cumulative Annual Debt Service or future cumulative annual debt service on any Subordinate Debt, or (B) to call Bonds or any Subordinate Debt.

No Additional University Corridor/Sycamore Canyon or Airport/Downtown Senior Lien Housing Bonds.

(a) The Agency covenants that it will not issue any additional bonds or other obligations with a pledge of housing set-aside tax increment from the University Corridor/Sycamore Canyon Merged Project senior to the pledge under the Indenture of Tax Revenues to repayment of the Bonds under (i) that Indenture dated April 1, 1999 between the Agency and U.S. Bank National Association (the "1999 Series A Indenture") and relating to the Agency's Tax Allocation Bonds 1999 Series A (University Corridor/Sycamore Canyon Merged Redevelopment Project) (the "1999 Series A Bonds") or (ii) that Indenture dated April 1, 1999 between the Agency and U.S. Bank National Association (the "1999 Series B Indenture") and relating to the Agency's Subordinate Tax Allocation Bonds, 1999 Series B (University Corridor/Sycamore Canyon Merged Redevelopment Project) (the "1999 Series B Bonds"). The Agency represents that the pledge of housing set-aside tax increment under the 1999 Series A Indenture and 1999 Series B Indenture is limited to twenty percent (20%) of maximum annual debt service on the combined annual debt service of the 1999 Series A Bonds and 1999 Series B Bonds.

(b) The Agency covenants that it will not issue any bonds or other obligations with a pledge of housing set-aside increment from the Merged Airport Industrial Project and Downtown Project senior to the pledge under the Indenture of Tax Revenues to repayment of the Bonds under the provisions of Section 3.23 of that certain Agreement for Pledge and Repayment of Redevelopment Agency Airport/Downtown Low and Moderate Income Housing Fund (Breezewood Apartments Project) between the Agency and KDF Breezewood, L.P., a California limited partnership and dated October 7, 2003.

THE TRUSTEE; INVESTMENT OF MONEYS

Removal of Trustee. The Agency may remove the Trustee, at any time, unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee (i) if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing), (ii) if at any time requested to do so by the Insurer or (iii) if at any time the Trustee shall cease to be eligible in accordance with the provisions of the Indenture, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. In each case such removal shall be accomplished by the giving of written notice of such removal by the Agency to the Trustee, whereupon in the case of the Trustee, the Agency shall appoint a successor Trustee by an instrument in writing.

Resignation. The Trustee may at any time resign by giving written notice of such resignation to the Agency and the Insurer and by giving the Bondowners notice of such resignation by mail at their respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the Agency shall promptly appoint a successor Trustee by an instrument in writing. The Trustee shall not be relieved of its duties until such successor Trustee has accepted such appointment.

Successor Trustee. Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee and approved by the Insurer. If no successor Trustee shall have been appointed and have accepted appointment within thirty (30) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Bondowner (on behalf of himself and all other Bondowners), at the expense of the Agency, may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee.

Trustee Qualification. Any Trustee appointed under the provisions of the Indenture in succession to the Trustee shall be a corporation or other entity organized and doing business under the laws of any state, the District of Columbia or the United States of America, authorized under such laws to exercise corporate trust powers, which shall have (or, in the case of a corporation included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least fifty million dollars ($50,000,000), and subject to supervision or examination by federal or state authority. If such corporation or other entity publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection (e) the combined capital and surplus of such corporation or other entity shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in Section (d).

Deposit and Investment of Moneys in Funds. Moneys in the Interest Account, the Principal Account, the Reserve Account, the Redemption Account, the Redevelopment Fund and the Costs of Issuance Fund shall be invested by the Trustee in Permitted Investments as specified by the Treasurer of the Agency and shall be promptly confirmed in writing by the Agency with the Trustee within at least one (1) Business Day. In the absence of any such direction provided by the Treasurer of the Agency, the Trustee shall invest any such moneys in Permitted Investments described in clause (v) of the definition thereof which by their terms mature prior to the date on which such moneys are required to be paid out under the Indenture. Investments on such accounts shall be valued at market at least semi-annually.

Moneys in the 2004 Bonds Reserve Subaccount shall only be invested in the investments described in items (i), (ii) and (v) of the definition of Permitted Investments with maturities of no longer than 5 years and such other investments described in the definition of Permitted Investments, with respect to which the Insurer has granted its prior written consent.

Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. Whenever in the Indenture any moneys are required to be transferred by the Agency to the Trustee, such transfer may be accomplished by transferring a like amount of Permitted Investments which by their terms mature prior to the date on which such moneys are required to be paid out under the Indenture. All interest or gain derived from the investment of amounts in any of the funds or accounts established under the Indenture (other than with respect to funds held by the Agency) shall be retained in the respective funds and accounts to be used for the purposes thereof; provided, however, that all interest or gain from the investment of amounts in the respective subaccounts of the Reserve Account shall be deposited by the Trustee in the Interest Account, but only to the extent that the amount remaining in the respective subaccounts of the Reserve Account following such deposit is equal to the Reserve Requirement for the applicable series of Bonds.

Moneys credited to any fund or account under the Indenture which are uninvested pending disbursement or receipt of proper investment directions or as directed by the Agency as provided in the Indenture, may be deposited to and held in a non-interest bearing demand deposit account established with the commercial banking department of the Trustee or any bank affiliated with the Trustee.

For purposes of acquiring any investments under the Indenture, the Trustee may in its discretion commingle funds held by it under the Indenture. The Trustee (or any of its affiliates) may act as principal or agent in the acquisition of any investment. The Trustee shall incur no liability for losses arising from any investments made pursuant to the Indenture. For purposes of determining the amount on deposit in any fund or account held under the Indenture, all Permitted Investments credited to such fund or account shall be valued by the Trustee, at least monthly, at the market value (excluding accrued interest, other than in the case of the Reserve Account (where accrued interest shall be included) and excluding brokerage commissions, if any). In making any such valuations, the Trustee may utilize computerized securities pricing services that may be available to it, including those available through its regular accounting system.

Accounting Records and Financial Statements. The Trustee will at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions relating to the proceeds of the Bonds and all funds and accounts established and held by the Trustee pursuant to the Indenture. Such books of record and account shall be available for inspection by the Agency at reasonable hours, upon reasonable notice and under reasonable circumstances. The Trustee shall furnish to the Agency, at least monthly, an accounting of all transactions relating to the proceeds of the Bonds and all funds and accounts established pursuant to the Indenture, which may be in the form of the Trustee's regular monthly statement.

MODIFICATION OR AMENDMENT OF THE INDENTURE

Amendments Permitted. The Indenture and the rights and obligations of the Agency and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture with written consent of the Insurer and pursuant to the affirmative vote at a meeting of Bondowners or with the written consent without a meeting of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Indenture. No such modification or amendment shall (1) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the Agency to pay the principal thereof, or interest thereon, or any premium payable on the redemption thereof, at the time and place and at the rate and in the currency provided therein without the express consent of the Owner of such Bond, or (2) permit the creation by the Agency of any mortgage pledge or lien upon the Tax Revenues superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise provided in the Indenture) or reduce the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification or (3) modify any of the rights or obligations of the Trustee without its written assent thereto.

The Indenture and the rights and obligations of the Agency and of the Owners of the Bonds may also be modified or amended at any time by a Supplemental Indenture with written consent of the Insurer, but without the consent of any Bondowners, but only to the extent permitted by law and only for any one or more of the following purposes-

(a) to add to the covenants and agreements of the Agency in the Indenture contained, other covenants and agreements thereafter to be observed or to limit or surrender any right or power in the Indenture reserved to or conferred upon the Agency; or

(b) to make modifications not adversely affecting any Outstanding series of Bonds of the Agency in any material respect; or

(c) with the written consent of the Trustee to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in regard to questions arising under the Indenture, as the Agency and the Trustee may deem necessary or desirable and not inconsistent with the Indenture, and which shall not materially adversely affect the rights of the Owners of the Bonds; or

(d) to provide for the issuance of any Parity Bonds, and to provide the terms and conditions under which such Parity Bonds may be issued, subject to and in accordance with the provisions of the Indenture.

Procedure for Amendment with Written Consent of Bondowners. The Agency may at any time adopt a Supplemental Indenture amending the provisions of the Bonds or of the Indenture or any Supplemental Indenture, to the extent that such amendment is permitted by the Indenture, to take effect when and as provided in the Indenture. A copy of such Supplemental Indenture, together with a request to Bondowners for their consent thereto, shall be mailed by the Agency to each registered Owner of Bonds Outstanding, but failure to mail copies of such Supplemental Indenture and request shall not affect the validity of the Supplemental Indenture when assented to as in the Indenture provided.

Such Supplemental Indenture shall not become effective unless there shall be filed with the Trustee the written consents of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in the Indenture) and a notice shall have been mailed as provided in the Indenture. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given which proof shall be such as is permitted by the Indenture. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice provided in the Indenture for has been mailed. Any revocation received by the Trustee after such notice has been mailed shall be of no force or effect.

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the Agency shall mail a notice to the Bondowners in the manner provided in the Indenture for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in the Indenture (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record consisting of the papers required by the Indenture to be filed with the Trustee shall be proof of the matters therein stated until the contrary is proved. The Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Supplemental Indenture shall be deemed conclusively binding (except as otherwise specifically provided in the Indenture) upon the Agency and the Owners of all Bonds at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

EVENTS OF DEFAULT AND REMEDIES OF BONDOWNERS

Events of Default and Acceleration of Maturities. The following events shall constitute Events of Default under the Indenture:

(a) if default shall be made in the due and punctual payment of the principal of or interest or redemption premium (if any) on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if default shall be made by the Agency in the observance of any of the covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, other than a default described in the preceding clause (a), and such default shall have continued for a period of thirty (30) days following the receipt by the Agency of written notice from the Trustee or any Bondowner of the occurrence of such default; provided, however, that if in the reasonable opinion of the Agency the failure stated in such notice can be corrected, but not within such thirty (30)-day period and if corrective action is instituted by the Agency within such thirty (30)-day period the Agency, with the prior written consent of the Insurer may diligently pursue such corrective action until such failure is corrected, but in no event more than 90 days following the receipt by the Agency of such notice; or

(c) if the Agency shall file a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Agency, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Agency or of the whole or any substantial part of its property.

In determining whether an Event of Default has occurred under (a) above or whether a payment on the 2004 Bonds has been made under the Indenture, no effect shall be given to payments made under the Policy.

If an Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, with the consent of the Insurer and if requested in writing by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding or if directed by the Insurer, the Trustee shall (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding, and (b) subject to the provisions of the Indenture, exercise any other remedies available to the Trustee and the Bondowners in law or at equity.

Immediately upon obtaining actual knowledge of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Insurer and the Agency by telephone confirmed in writing. Such notice shall also state whether the principal of the Bonds shall have been declared to be or have immediately become due and payable. With respect to any Event of Default described in clause (a) or (c) above the Trustee shall, and with respect to any Event of Default described in clause (b) above the Trustee in its sole discretion may, also give such notice to the Owners of the Bonds in the same manner as provided in the Indenture for notices of redemption of the Bonds.

The foregoing, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest at the net effective rate then borne by the Outstanding Bonds, and the reasonable fees and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Subject to the provisions of the Indenture, the Trustee agrees to enforce by mandamus, suit or other proceeding at law or in equity the covenants and agreements of the Agency.

Application of Funds Upon Acceleration. All of the Tax Revenues and all sums in the funds and accounts established and held by the Trustee under the Indenture upon the date of the declaration of acceleration (other than the Rebate Account) as provided in the Indenture, and all sums thereafter received by the Trustee under the Indenture, shall be applied by the Trustee in the following order upon presentation of the several Bonds, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the fees, costs and expenses of the Trustee and thereafter of the Bondowners in declaring such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel; and

Second, to the payment of the whole amount then owing and unpaid upon the Bonds for principal and interest, with interest on the overdue principal and installments of interest at the net effective rate then borne by the Outstanding Bonds (to the extent that such interest on overdue installments of principal and interest shall have been collected), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such principal and interest without preference or priority of principal over interest, or interest over principal, or of any installment of interest over any other installment of interest, or any Bond over any other Bond, ratably to the aggregate of such principal and interest.

Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Bonds under the Indenture opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Limitation on Bondowners' Right to Sue. No Owner of any Bond issued under the Indenture shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted under the Indenture or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity acceptable to the Trustee, against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of thirty (30) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared in the Indenture, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy under the Indenture, it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to enforce any right under the Indenture, except in the manner provided for in the Indenture, and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided for in the Indenture and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of (and premium, if any) and interest on such Bond as provided for in the Indenture or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of the Indenture.

DISCHARGE OF INDENTURE

To the extent that the Indenture confers upon or gives or grants to the Insurer any right, remedy or claim under or by reason of the Indenture, the Insurer is thereby explicitly recognized as being a third-party beneficiary thereunder and may enforce any such right, remedy or claim conferred, given or granted thereunder, including the right to (i) notify the Trustee of an Event of Default and (ii) request the Trustee to intervene in judicial proceedings that affect the 2004 Bonds or the security therefore.

If the Agency shall pay and discharge the entire indebtedness on all Bonds Outstanding in any one or more of the following ways-

(1) by well and truly paying or causing to be paid the principal of and interest on all Bonds Outstanding, as and when the same become due and payable;

(2) by irrevocably depositing with the Trustee, in trust, at or before maturity money which, together with the amounts then on deposit in the funds and accounts established pursuant to the Indenture is fully sufficient to pay all Bonds Outstanding, including all principal, interest and redemption premiums; or

(3) by irrevocably depositing with the Trustee, in trust, nonredeemable Defeasance Obligations (or cash held in certificates of deposit, savings accounts, deposit accounts or money market accounts that are fully insured by FDIC) in such amount as an Independent Financial Consultant shall certify to the Trustee, based upon a certificate of an Independent Certified Public Accountant, will together with the interest to accrue thereon and moneys then on deposit in the funds and accounts established pursuant to the Indenture, be fully sufficient to pay and discharge the indebtedness on all Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates; and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been given as in the Indenture provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, then notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Tax Revenues and other funds provided for in the Indenture and all other obligations of the Agency under the Indenture with respect to all Bonds Outstanding shall cease and terminate, except only the obligation of the Agency to pay or cause to be paid to the Owners of the Bonds not so surrendered and paid all sums due thereon, and thereafter Tax Revenues shall not be payable to the Trustee. Notice of such election shall be filed with the Trustee. No forward delivery agreements, hedge, investment agreement, purchase and resale agreements or par-put agreements may be used with respect to the investment of any funds or securities defeasing the 2004 Bonds without the prior written consent of the Insurer.

If, subject to above conditions, the Agency shall pay or cause to be paid or make provision for the payment to the Owners of less than all of the Outstanding Bonds the principal of and premium, if any, and interest on such Bonds which is and shall thereafter become due and payable upon such Bonds in accordance with the provisions of clauses (1), (2) and (3) above, such Bonds, or portions thereof, shall cease to be entitled to any lien, benefit or security under the Indenture.

Notwithstanding the foregoing provisions of the Indenture, in the event that the principal, interest and redemption premium (if any) on the 2004 Bonds shall be paid by the Insurer pursuant to the Policy, the obligations of the Trustee and the Agency shall continue in full force and effect and the Insurer shall be fully subrogated to the rights of all Owners of the 2004 Bonds so paid. In addition, the obligations of the Trustee and the Agency thereunder shall continue in full force and effect, and shall not be terminated until such time as the Agency shall have paid all amounts (if any) as shall be due and owing to the Insurer under the Policy, and the Trustee shall not distribute any funds to the Agency pursuant to the preceding paragraph unless the Agency shall have certified to the Trustee that there are no obligations then due and owing by the Agency to the Insurer under the Policy.

Any funds thereafter held by the Trustee which are not required for said purpose or for any remaining fees or expenses of the Trustee shall be paid over to the Agency.

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APPENDIX B

CITY OF RIVERSIDE
DEMOGRAPHIC INFORMATION

The following information regarding the City and the surrounding area of Riverside County is presented as general background data. The 2004 Bonds are payable solely from the sources described herein (see "SECURITY FOR THE BONDS"). The taxing power of the City of Riverside, the County of Riverside, the State of California or any political subdivision thereof is not pledged to the payment of the Bonds.

General

The City is the county seat of Riverside County (the "**County**") and is located in the western portion of the County about 60 miles east of downtown Los Angeles and approximately 90 miles north of San Diego. Within 10 miles of the City are the cities of San Bernardino, Loma Linda, Corona, Norco, Fontana, Ontario, Rialto, Colton, Moreno Valley and Redlands, among others. These cities and the City are located in the Counties of Riverside and San Bernardino and comprise the Riverside-San Bernardino Primary Metropolitan Statistical Area (the "**PMSA**"). The PMSA represents an important economic area of the State and of Southern California. It lays to the west and south respectively of the strategic San Gorgonio and Cajon Passes, from which three transcontinental railroads and interstate highways converge to connect the Los Angeles area with the other areas of the nation. The City is situated in close proximity to the metropolitan centers of Los Angeles and Orange Counties.

Riverside and San Bernardino Counties cover 27,400 square miles, a land area larger than the State of Virginia. As of January 2004, the California State Department of Finance estimated that Riverside County had a population of approximately 1,776,700 and San Bernardino County had a population of approximately 1,886,500. With a population of over 3.6 million, the PMSA ranks as one of the largest Metropolitan Statistical Areas ("**MSA**s") in the United States. Riverside County alone is larger than the State of New Jersey. The PMSA, though small geographically in relation to the bi-county area, contains most of the two counties' population.

Municipal Government

The City was incorporated in 1883 and covers 85.6 square miles. The City is a charter city and has a council-manager form of government with a seven-member council being elected by ward for four-year overlapping terms. The mayor is elected at large for a four-year term and is the presiding officer of the council, but does not have a vote except in case of a tie. The position of City Manager is tilled by appointment of the council to serve as administrator of the staff and to carry out the policies of the council. Functions of the City government are carried out by approximately 2,320 full and part-time personnel.

Services and Facilities

Public Safety and Welfare. The City provides law enforcement and fire protection services. The Police Department currently employs 356 sworn officers and the Fire Department employs 201 sworn fire fighters operating out of 13 fire stations. Other services provided by the

City include emergency medical aid, traffic safety maintenance, and building safety regulation and inspection.

Public Services. The City provides electric, water and sewer service to the City residents through municipal enterprises. The City also owns and operates a general aviation airport.

Public Works. Additional services include parkway and median maintenance improvements, refuse management, sewer and storm drain maintenance, zoning and development administration, environmental review, code enforcement and street tree maintenance.

Educational Facilities. The City is included within the boundaries of the Riverside Unified School District and the Alvord Unified School District, which also serves the County area southwest of the City. These two districts include 57 elementary and middle schools and high schools. There are also about 46 private or parochial schools for kindergarten through twelfth grade. Higher education is available at four institutions: Riverside Community College, University of California at Riverside, California Baptist University and La Sierra University at Riverside. Also located in the City are the California School for the Deaf and the Sherman Institute, a federally-run school for Indians.

Leisure and Community Services. Among the City's cultural institutions and activities are a convention center, the Riverside Art Museum, a municipal museum, a number of libraries, an auditorium, the opera society and the symphony society. There are three major hospitals in the City: Parkview Community; Riverside Community; and Kaiser Permanente.

Employee Relations

City employees are represented by five labor unions associations, the principal one being the Service Employees International Union, which represents approximately 33% of City full-time employees. Currently 80% all City employees are covered by negotiated agreements. Since 1979 the City has not had an employee work stoppage.

Population

As of January 1, 2004 the population of the City was approximately 277,000, an increase of approximately 8.6% percent over the census population of the City in 2000. The following table presents population data for both the City and County.

POPULATION

Year	City of Riverside	Riverside County
1950	46,764	170,046
1960	84,332	306,191
1970	140,089	459,074
1980	165,087	663,923
1990	226,505	1,170,413
2000	255,165	1,545,397
2001	261,200	1,583,600
2002	269,600	1,645,300
2003	276,300	1,719,000
2004	277,000	1,776,700

Sources: 1950-2000 U.S. Census; California Department of Finance (Demographic Research Unit)

Personal Income

The following table is based on effective buying income, as reported in the annual publication "Survey of Buying Power," published by Sales and Marketing Management. Effective buying income is defined as personal income less personal taxes and non-tax payments. Personal income includes wages and salaries, other labor-related income, proprietor's income, rental income, dividends, personal interest income and transfer payments. Deductions are then made for federal, state and local taxes, non-tax payments (such as fines and penalties) and personal contributions for social insurance. The following items are not included in the definition of effective buying income: (1) employer contributions to private pension funds, supplemental unemployment insurance funds and privately administered workers' compensation programs; (2) imputed personal income, which includes the imputed value of services provided by depository institutions and income earned by life insurance carriers and private noninsured pension funds on the principal amounts contributed by policy holders and pension beneficiaries; and (3) imputed rental income of owner-occupied nonfamily dwellings.

The table below summarizes the total effective buying income and the median household effective buying income for the City, the County, the State and the United States from 1995 through 2002.

PERSONAL INCOME
1998 through 2002

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
1998	Riverside County	$ 20,543,675	$33,089
	California	524,439,600	36,483
	United States	4,399,998,410	34,618
1999	Riverside County	$ 22,453,426	$35,145
	California	590,376,663	39,492
	United States	4,877,786,658	37,233
2000	Riverside County	$ 25,144,120	$39,293
	California	652,190,282	44,464
	United States	5,230,824,904	39,129
2001	Riverside County	$ 23,617,301	$37,480
	California	650,521,407	43,532
	United States	5,303,481,498	38,365
2002	Riverside County	$ 25,180,040	$38,691
	California	647,879,427	42,484
	United States	5,340,682,818	38,035

Source: Sales & Marketing Management Survey of Buying Power

A comparison of effective buying income groupings per household for 2002 is shown in the following table:

INCOME GROUPINGS FOR 2002

Percent of Households by EBI Group	City of Riverside	Riverside County	State of California
$ 20,000-34,999	24.3%	23.6%	21.1%
$ 35,000-49,999	19.7	20.0	18.9
$ 50,000 and over	33.5	34.8	40.5

Source: Sales and Marketing Management, Survey of Buying Power.

Education

The City is included within the boundaries of the Riverside Unified School District and the Alvord Unified School District, which also serves the County area southwest of the City. These two districts include 59 elementary and middle schools and high schools. There are also about 46 private or parochial schools for kindergarten through twelfth grade. Average daily attendance for the two public school districts is given below.

COUNTY OF RIVERSIDE PUBLIC SCHOOL ENROLLMENT
1998-99 through 2003-04

Grades	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
K-8	211,973	219,433	228,348	237,880	247,845	259,123
9-12	83,256	87,622	91,562	95,450	101,762	105,734
Total	295,229	307,055	319,910	333,330	349,607	364,857

Source: State Department of Education.

Locally, higher education is available at four institutions: Riverside City College, which had an enrollment of approximately 30,770 in the Fall of 2004; University of California at Riverside, which had a graduate and undergraduate enrollment of approximately 17,296 in the Fall of 2004; California Baptist University, which had an enrollment of 2,905 in the Fall of 2004; and La Sierra University at Riverside, which had an enrollment of approximately 1,908 in the Fall of 2994. Also located in the City are the California School for the Deaf, which had an enrollment of 463 during the Fall of 2994, and the Sherman Institute, a federally-run school for Indians, which had an enrollment of 633 during the Fall of 2004.

Employment and Industry

The City is included in the Riverside-San Bernardino labor market area. The unemployment rate in the Riverside-San Bernardino MSA was 5.7 percent in September 2004, down from a revised 5.8 percent in August 2004, and below the year-ago estimate of 6.1 percent. This compares with an unadjusted unemployment rate of 5.7 percent for California and 5.1 percent for the nation during the same period. The unemployment rate was 6.1 percent for Riverside County and 5.2 percent in San Bernardino County.

The following table shows the average annual estimated numbers of wage and salary workers by industry. Does not include proprietors, the self-employed, unpaid volunteers or family workers, domestic workers in households, and persons in labor management disputes.

RIVERSIDE-SAN BERNARDINO METROPOLITAN STATISTICAL AREA
(RIVERSIDE COUNTY)
Civilian Labor Force, Employment and Unemployment
(Annual Averages)

	1999	2000	2001	2002	2003
Civilian Labor Force (1)	1,436,300	1,508,000	1,562,300	1,639,700	1,688,300
Employment	1,362,900	1,430,800	1,484,100	1,543,400	1,588,700
Unemployment	73,400	77,200	78,200	96,300	99,600
Unemployment Rate	5.1%	5.1%	5.0%	5.9%	5.9%
Wage and Salary Employment: (2)					
Agriculture	21,300	21,700	20,900	20,300	20,400
Natural Resources and Mining	1,300	1,300	1,200	1,200	1,300
Construction	71,700	80,100	88,400	90,900	97,500
Manufacturing	115,300	120,100	118,600	115,400	113,500
Wholesale Trade	34,900	38,300	41,600	41,900	43,800
Retail Trade	121,800	127,400	132,200	137,500	141,700
Trans., Warehousing, Utilities	44,800	46,400	45,600	46,000	47,500
Information	12,800	12,900	14,600	14,100	13,800
Finance and Insurance	21,000	20,600	22,900	23,500	25,300
Real Estate and Rental and Leasing	13,800	14,200	15,300	15,900	16,800
Professional and Business Services	89,400	97,000	101,700	106,800	113,100
Educational and Health Services	99,700	102,200	106,000	112,400	115,300
Leisure and Hospitality	89,100	91,000	94,200	99,800	102,200
Other Services	95,800	100,800	104,400	107,200	108,300
Federal Government	33,600	35,000	37,100	38,100	38,400
State Government	17,500	18,200	16,900	16,900	17,000
Local Government	23,500	24,600	25,800	26,600	26,600
Total, All Industries	142,100	149,300	157,600	169,300	167,800

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
Source: State of California Employment Development Department.

The ten largest employers in the County are shown below.

COUNTY OF RIVERSIDE
Largest Employers
(As of October, 2003)

Company	Employees in County	Total Employees
County of Riverside	16,726	16,726
Univ. of California, Riverside	9,822	9,822
Riverside Unified School District	3,906	3,906
Riverside Community College	3,350	3,350
Kaiser Permanente Medical Center	2,886	101,345
City of Riverside	2,600	2,600
Jurupa Unified School District	1,792	2,109
Riverside County Office of Education	1,600	1,600
Alvord Unified School District	1,590	1,590
Fleetwood Enterprises	1,550	13,800

Source: Riverside Press-Enterprise.

Construction Activity

The following is a five year summary of the valuation of building permits issued in the City and the County.

CITY OF RIVERSIDE
Building Permit Valuation
(Valuation in Thousands of Dollars)

	1999	2000	2001	2002	2003
Permit Valuation					
New Single-family	$63,973.1	$189,150.9	$254,494.2	$218,696.1	$140,055.6
New Multi-family	20,260.2	54,910.9	2,719.0	0.0	93,711.0
Res. Alterations/Additions	10,865.3	10,607.8	11,064.2	12,584.7	19,772.5
Total Residential	95,098.6	254,669.5	268,277.3	231,280.8	253,539.1
New Commercial	11,295.7	12,404.0	41,602.5	53,790.8	62,900.5
New Industrial	3,711.6	3,191.9	13,086.4	6,190.8	14,973.6
New Other	6,151.3	5,697.9	9,977.0	17,948.3	18,816.8
Com. Alterations/Additions	25,470.2	21,943.5	31,886.2	32,820.6	45,913.7
Total Nonresidential	46,628.7	43,237.3	96,552.0	110,750.4	142,604.6
New Dwelling Units					
Single Family	421	1,017	1,237	1,113	689
Multiple Family	404	790	40	0	1,377
TOTAL	826	1,807	1,277	1,113	2,066

Source: Construction Industry Research Board, Building Permit Summary

COUNTY OF RIVERSIDE
Building Permit Valuation
(Valuation in Thousands of Dollars)

	1999	2000	2001	2002	2003
Permit Valuation					
New Single-family	$2,275,765.9	$2,519,841.4	$3,051,190.4	$3,670,371.4	$4,665,675.7
New Multi-family	130,795.9	125,296.2	174,628.0	165,413.0	406,483.0
Res. Alterations/Additions	65,796.0	67,303.7	70,849.7	87,842.9	106,855.8
Total Residential	2,472,357.8	2,712,441.4	3,296,668.2	3,923,627.4	5,179,014.5
New Commercial	255,646.1	393,509.9	287,068.6	297,963.6	360,707.4
New Industrial	112,238.5	98,621.8	74,766.3	80,881.6	112,706.6
New Other	117,198.1	119,978.4	152,854.0	187,510.6	261,793.6
Com. Alterations/Additions	126,079.4	157,802.1	143,351.7	174,785.7	173,165.5
Total Nonresidential	611,162.1	769,912.2	658,040.6	741,141.5	908,373.1
New Dwelling Units					
Single Family	12,659	13,630	16,556	20,591	25,137
Multiple Family	1,920	1,780	2,458	2,073	5,224
TOTAL	14,579	15,410	19,014	22,664	30,361

Source: Construction Industry Research Board, Building Permit Summary.

Retail Sales

Total taxable sales during the first three quarters of calendar year 2003 in the City were reported to be $2,890,882,000, an 8.3% increase over the total taxable sales of $2,668,611,000 reported during the first three quarters of calendar year 2002.

The following table indicates growth of taxable transactions for the period 1998 through 2002 in the City by type of business. Annual figures are not yet available for 2003.

CITY OF RIVERSIDE TAXABLE TRANSACTIONS
For Calendar Years 1998 Through 2002
($ in thousands of dollars)

	1998	1999	2000	2001	2002
Apparel stores	$ 68,851	$ 78,605	$ 92,241	$ 98,859	$ 105,476
General merchandise stores	411,743	438,137	465,490	485,571	510,038
Food stores	121,359	125,986	133,363	134,502	136,076
Eating & drinking places	196,734	209,049	223,253	239,811	257,711
Home furnishings & appliances	65,720	74,817	77,552	75,754	81,844
Building materials & farm implem.s	253,925	275,433	290,734	326,627	346,277
Auto dealers and auto supplies	505,421	580,804	698,147	780,641	864,486
Service stations	129,197	151,413	200,155	199,159	192,914
Other retail stores	285,618	313,917	341,252	351,055	396,808
Retail Stores Totals	2,038,568	2,248,161	2,522,187	2,691,979	2,891,630
All other outlets	563,407	661,371	697,707	715,273	769,277
Total all outlets	$2,601,975	$2,909,532	$3,219,894	$3,407,252	$3,660,907

Source: California State Board of Equalization.

Transportation

The City is served by a variety of land and air transportation facilities. Light rail commuter service is provided by Metrolink to Los Angeles and Orange Counties. Interstate bus service is available via Greyhound, and local bus service is provided by the Metropolitan Transportation Authority and Riverside Transit Agency. Most major trucking firms serve the City in addition to numerous local carriers. Overnight delivery can be scheduled to San Francisco, Los Angeles, San Diego and Sacramento.

Freight rail service to the City is provided by two major transcontinental railroads: the Santa Fe and Union Pacific. Amtrak-operated passenger train service is available at San Bernardino, approximately 15 miles north of the City.

Scheduled air transportation is available from the Ontario International Airport, approximately 18 miles to the west. The City-operated Riverside Municipal Airport is a general aviation facility.

The City is served by the Riverside Freeway (State Route 91), which provides access to Orange County; Interstate 215, which connects the City to San Diego, San Bernardino and points beyond; and the Pomona Freeway (U.S. Highway 60), an east-west route.

To support transportation improvements, in November 1988 Riverside County voters approved Measure A, a one-half cent sales tax increase. Measure A was to expire in 2009, but in 2002, Riverside County voters approved extending Measure A until 2039. Measure A is expected to generate $4.6 billion between 2009 and 2039. In 1990, voters of the adjacent San Bernardino County approved a similar program.

Future development within Western Riverside County is expected to create traffic volume exceeding the capacity of the regional arterial highway system. The City, along with the County and thirteen other cities in the western portion of the County, have developed the Transportation Uniform Mitigation Fee ("**TUMF**") Program to provide funds to improve the system. The TUMF Program was implemented in June 2003 and places a uniform fee on new development to fund regional highway improvements necessitated by such development. The adopted fees are: new residential - $6,650 per unit; multi-family housing - $4,607 per unit; industrial development - $1.45 per square foot; retail/commercial development - $7.81 per square foot; and service/commercial projects - $4.84 per square foot. Certain exemptions are provided in the ordinance.

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APPENDIX C

AGENCY'S AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003

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McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on the Financial Statements and Supplementary Information

To the Board of Directors
Redevelopment Agency of the City of Riverside
Riverside, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Redevelopment Agency of the City of Riverside, California (the Agency), a blended component unit of the City of Riverside, California, as of and for the year ended June 30, 2003, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Redevelopment Agency of the City of Riverside, as of June 30, 2003, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2003 on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and computations of excess/surplus funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and computations of excess/surplus funds have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McGladrey & Pullen, LLP

Riverside, California
September 30, 2003

Management's Discussion and Analysis

As management of the Redevelopment Agency of the City of Riverside (the Agency), we offer readers of the Agency's financial statements this narrative overview and analysis of financial activities for the fiscal year ended June 30, 2003. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found on pages v-xvii of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in the net assets may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The *Statement of Activities* presents information showing how the Agency's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements highlight functions of the Agency that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Agency include redevelopment activities and interest on long-term debt. Redevelopment activities include the development of projects and infrastructure necessary to eliminate blight and encourage economic expansion, which creates and preserves jobs for citizens of the project areas.

The government-wide financial statements can be found on pages 9-10 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Agency are in the governmental funds category.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources* as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Agency maintains eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the Downtown/Airport and University Corridor/Sycamore Canyon Debt Service Funds and for the Casa Blanca, Downtown/Airport and University Corridor/Sycamore Canyon Capital Projects Funds, all of which are considered to be major funds. Data from the other thirteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* as supplementary information.

The basic governmental fund financial statements can be found on pages 11 and 13 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15-27 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds can be found in the supplementary information on pages 29-32 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Agency, liabilities exceeded assets by $56,464 at June 30, 2003.

By far the largest portion of the Agency's net deficit reflects its bonded indebtedness. The Agency, operating under California Redevelopment Law, must maintain debt in excess of its available assets to legally receive tax increment revenue. Bond funds are used to construct infrastructure, which becomes an asset of the City, or to alleviate blight. These expenditures do not create assets to offset bonded debt. Future tax increment revenues must be used to liquidate noncurrent bond liabilities.

A summary of the Agency's net assets at June 30, 2003 compared to June 30, 2002 is as follows:

	Governmental Activities 2003	Governmental Activities 2002
Non-capital assets	$ 79,815	$88,027
Capital assets	3,707	1,898
Total assets	83,522	89,925
Long-term liabilities outstanding	130,933	165,540
Other liabilities	9,053	6,077
Total liabilities	139,986	171,617
Net assets:		
Invested in capital assets, net of related debt	3,707	1,898
Restricted	11,940	14,602
Unrestricted	(72,111)	(98,192)
Total net assets	$(56,464)	$(81,692)

Governmental activities. Governmental activities decreased the Agency's net assets by $11,720. Key elements of this decrease are as follows:

	Governmental Activities 2003	Governmental Activities 2002
Revenues:		
Program revenues:		
Charges for services	$ 3,730	$ 3,562
Capital grants and contributions	0	1,837
General revenues:		
Property tax increment	16,180	14,859
Other	2,787	3,565
Total revenues	22,697	23,823
Expenses:		
Redevelopment activities	27,062	17,957
Interest on long-term debt	7,355	7,289
Total expenses	34,417	25,246
Decrease in net assets	(11,720)	(1,423)
Net assets (deficit), as restated – July 1	(44,744)	(80,269)
Net assets (deficit) – June 30	$(56,464)	$(81,692)

- Capital grants for governmental activities decreased by $1,837. Lower expenditures from funds provided by the U. S. Department of Housing and Urban Development Section 108 loan for Mission Village was the main reason for this decrease.
- Property tax increment revenues increased by $1,321 (8.9%) during the year. Most of this increase results from the rebound in assessed property values due to better economic conditions and to the recent expansion of the Arlington Project Area.
- Other general revenues decreased by $778. This decrease reflects lower interest earnings on cash and investments.
- Redevelopment activity expenses increased $9,105 over the prior year. Several large projects were underway during the year, causing large expenses. Examples of these projects are the Casa Blanca Library, University Village Parking Garage, School of the Arts and the Culver Arts Center.

Financial Analysis of the Agency's Funds

As noted earlier, the Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Agency's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Agency's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $44,158, a decrease of $7,407 in comparison with the prior year. Approximately half of this total amount ($24,245) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period ($2,928), 2) to pay debt service ($8,430), and 3) for a variety of other restricted purposes ($8,555).

Capital Asset and Debt Administration

Capital assets. The Agency's investment in capital assets for its governmental activities as of June 30, 2003 amounts to $3,707 (net of accumulated depreciation). This investment in capital assets includes land and equipment. A summary of the Agency's capital assets, net of depreciation, follows:

	Capital Assets 2003	Capital Assets 2002
Land	$1,289	$1,289
Buildings	2,000	0
Improvements other than buildings	370	370
Machinery and equipment	275	689
Subtotal	3,934	2,348
Less accumulated depreciation	(227)	(450)
Total	$3,707	$1,898

Additional information on the Agency's capital assets can be found in note 6 on page 21 of this report.

Long-term debt. At the end of the current fiscal year, the Agency had total bonded debt outstanding of $109,615. The bonds are secured solely by specified revenue sources (i.e., tax allocation bonds).

The Agency's total debt increased by $1,478 offset by retirements of $4,308 during the current fiscal year. Increases were due to advances from the City to provide interim financing for Downtown Restaurant Assistance Program and a loan from California Housing Finance Agency to purchase and rehabilitate four-plexes at Topaz and Turquoise Streets..

Time and bonded debt limitations exist in all project areas. Time limitations vary by dates area was added to the project.

Project Area	Time limitations to incur debt	Bonded Debt Limit (in millions)
Arlington	2014-2023	$125
Casa Blanca	2014	80
Downtown/Airport	2011-2014	149
Magnolia Center	2018	55
University Corridor/Sycamore Canyon	2014-2017	187
Hunter Park/Northside	2023	115

The Agency does not have an overall credit rating. Bond issues are rated individually at time of issuance.

Additional information on outstanding debt may be found on pages 22-25 of this report.

Economic Factors and Next Year's Budget

The assessed value of property continues to rise in the redevelopment project areas. Management estimates that tax increment revenues will increase by 2.9% for the next fiscal year. Much of that increase, however, will be absorbed by the transfer to the Educational Revenue Augmentation Fund (ERAF) required by California legislation during the State budget process. Additional information on the ERAF transfer can be found in note 14 on page 27.

Court rulings on an Orange County property tax case could have an effect on future tax increment revenues. In November 2001, an Orange County Superior Court Judge ruled that the Orange County Assessor's Office violated Proposition 13 by increasing the taxable value of a Seal Beach residence by 4% in a single year. County attorneys argued that the assessment was legal because it made up for years in which the property value did not increase. The County maintains it was merely "recapturing" the full tax value of the property, charging 2% for each of the

years the property values did not rise. On December 12, 2002, the Superior Court certified class action status for this case and the Court and Tax Collector are currently addressing when and if notification to the taxpayers should be executed.
In 2002, two other local courts (Los Angeles and San Diego) ruled differently on the same issue and both affirmed the current statewide practice of property assessment restoration (i.e., the local courts differ on this issue). The property tax laws are applied on a statewide basis and the contradicting ruling with two other local courts on the same legal issue require a uniformity review at the appellate level. With this notice, the Court of Appeal will establish a briefing and hearing schedule and that process may take several months to complete. Based on the Court of Appeal's briefing schedule, the respondent is required to submit a reply brief by October 17, 2003. Then, the appellants will answer the respondent's reply brief by November 7, 2003. The Court of Appeal has scheduled a hearing on December 16, 2003. If the Judge's decision is upheld on appeal, it could have financial ramifications throughout the State of California. The Agency's management is unable to reasonably estimate the financial effect if the Orange County Superior Court's decision is upheld because it would be dependent upon how the court decides to apply its ruling.

Request for Information

This financial report is designed to provide a general overview of the Agency's finances for all those with an interest in the Agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Redevelopment Agency Treasurer, 3900 Main Street, Riverside, CA 92522.

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REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
STATEMENT OF NET ASSETS
June 30, 2003
(amounts expressed in thousands)

Assets:	
Cash and investments	$21,464
Cash and investments at fiscal agent	17,049
Receivables (net of allowances for uncollectibles)	737
Rehabilitation loans receivable	4,529
Capital lease receivable	27,925
Advances to the City	229
Land and improvements held for resale	7,882
Capital assets (net of accumulated depreciation)	3,707
Total assets	83,522
Liabilities	
Accounts payable and other accrued liabilities	3,326
Accrued interest payable	1,892
Deferred revenue	0
Deposits	169
Noncurrent liabilities:	
Due within one year	2,992
Due in more than one year	118,276
Advances from the City:	
Due within one year	620
Due in more than one year	12,711
Total liabilties	139,986
Net Assets	
Invested in capital assets, net of related debt	3,707
Restricted for:	
Housing projects	3,510
Debt service	8,430
Unrestricted	(72,111)
Total net assets	($56,464)

The notes to the financial statements are an integral part of this statement.

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
For the year ended June 30, 2003
(amounts expressed in thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Total
Governmental activities:				
Redevelopment activities	$27,062	$3,730	$0	($23,332)
Interest on lont-term debt	7,355			(7,355)
Total governmental activities	$34,417	$3,730	$0	(30,687)
General revenues:				
Property taxes				16,180
Investment earnings				1,150
Miscellaneous				1,791
Total general revenues				19,121
Contributions				(154)
Change in net assets				(11,720)
Net assets - beginning, as restated				(44,744)
Net assets - ending				($56,464)

The notes to the financial statemnets are an integral part of this statement.

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
(a component unit of the City of Riverside, California)
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2003
(amounts expressed in thousands)

	Debt Service		Capital Projects Funds				
Assets	Downtown/ Airport	University Corridor/ Sycamore Canyon	Casa Blanca	Downtown/ Airport	University Corridor/ Sycamore Canyon	Other Funds	Total Funds
Cash and investments	$486	$1,046	$574	$9,481	$4,511	$5,366	$21,464
Cash and investments at fiscal agent	3,630	1,876	5,348	1,970	2,274	1,951	17,049
Interest receivable	32	29	7	84	36	54	242
Accounts receivable, net	95	106	0	5	0	34	240
Intergovernmental receivables	0	0	0	255	0	0	255
Rehabilitation loans receivable	0	0	433	763	84	3,249	4,529
Capital lease receivable	27,925	0	0	0	0	0	27,925
Due from other funds	0	0	0	930	0	0	930
Advances to the City	0	229	0	0	0	0	229
Land and improvements held for resale	0	0	238	6,596	400	648	7,882
Total Assets	32,168	3,286	6,600	20,084	7,305	11,302	80,745
Liabilities and Fund Balances							
Liabilities:							
Account payable	516	14	143	687	1,595	326	3,281
Accrued liabilities	0	0	0	47	0	0	47
Compensated absences	0	0	0	8	0	0	8
Deferred revenue	27,925	69	25	1,064	0	3,069	32,152
Deposits	0	0	0	159	0	10	169
Due to other funds	0	0	0	0	0	930	930
Total Liabilities	28,441	83	168	1,965	1,595	4,335	36,587
Fund Balances:							
Reserved for:							
Encumbrances	0	0	202	2,528	91	107	2,928
Debt service	3,727	3,203	0	0	0	1,500	8,430
Non-current loans receivable	0	0	408	0	84	181	673
Land and improvements held for resale	0	0	238	6,596	400	648	7,882
Unreserved, designated for future operations	0	0	3,720	4,581	2,895	0	11,196
Unreserved, undesignated:							
Capital projects funds	0	0	1,864	4,414	2,240	1,543	10,061
Special revenue funds	0	0	0	0	0	2,988	2,988
Total Fund Balances	3,727	3,203	6,432	18,119	5,710	6,967	44,158
Total Liabilities and Fund Balances	$32,168	$3,286	$6,600	$20,084	$7,305	$11,302	$80,745

See accompanying independent auditors' report.

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
(a component unit of the City of Riverside, California)
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2003
(amounts expressed in thousands)

Total fund balances - governmental funds		$44,158
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		3,707
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.		32,154
Long-term liabilities, as listed below, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds Payable	$ (109,616)	
Interest Payable	(1,892)	
Notes Payable	(11,447)	
Advances Payable	(13,331)	
Compensated Absences	(197)	(136,483)
Net assets of governmental activities		($56,464)

The notes to the financial statements are an integral part of this statement.

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
(a component unit of the City of Riverside, California)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2003
(amounts expressed in thousands)

	Debt Service		Capital Projects Funds				
	Downtown/ Airport	University Corridor/ Sycamore Canyon	Casa Blanca	Downtown Airport	University Corridor/ Sycamore Canyon	Other Funds	Total Funds
Revenues:							
Tax increment	$6,761	$3,407	$0	$0	$0	$6,012	$16,180
Interest	71	174	179	356	185	185	1,150
Intergovernmental	200	0	0	0	0	200	400
Miscellaneous	1,943	583	0	1,176	422	997	5,121
Total Revenues	8,975	4,164	179	1,532	607	7,394	22,851
Expenditures:							
Current:							
Salaries and administrative	8	59	525	1,593	93	594	2,872
Professional services	114	57	19	850	29	366	1,435
Property acquisitions	0	0	0	345	115	63	523
Project improvement	0	0	2,987	646	4,898	2,033	10,564
Pass-through agreement	0	0	394	2,200	1,116	319	4,029
Debt service:							
Principal	1,549	636	0	0	0	509	2,694
Interest	4,621	1,807	0	0	0	943	7,371
Repayment of advances	598	0	0	1,003	0	42	1,643
Total Expenditures	6,890	2,559	3,925	6,637	6,251	4,869	31,131
Excess(Deficiency) of Revenues Over(Under) Expenditures	2,085	1,605	(3,746)	(5,105)	(5,644)	2,525	(8,280)
Other Financing Sources(Uses):							
Transfers in	1,842	459	649	5,667	2,336	1,458	12,411
Transfers out	(5,667)	(2,336)	0	(27)	(28)	(4,353)	(12,411)
Proceeds from issuance of long-term debt	0	0	0	0	0	750	750
Advances from the City	92	296	0	340	0	0	728
Gain (loss) on sale of assets	0	0	0	0	0	(605)	(605)
Total Other Financing Sources(Uses)	(3,733)	(1,581)	649	5,980	2,308	(2,750)	873
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	(1,648)	24	(3,097)	875	(3,336)	(225)	(7,407)
Fund Balances, July 1	5,375	3,179	9,529	17,244	9,046	7,192	51,565
Fund Balances, June 30	$3,727	$3,203	$6,432	$18,119	$5,710	$6,967	$44,158

See accompanying independent auditors' report.

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
(a component unit of the City of Riverside, California)
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2003
(amounts expressed in thousands)

Net change in fund balances-total governmental funds		($7,407)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period, as listed below:		
Capital Outlay, including Impairment	$ (7,177)	
Depreciation Expense	(37)	(7,214)
The issuance of long-term debt (e.g., bonds, leases, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The net effect of these differences in the treatment of long-term debt and related items is listed below:		
Principal payments	$ 2,694	
Interest payments	16	
Loan Proceeds	(750)	
Repayments of Advances	941	2,901
Change in net assets of governmental activities		($11,720)

The notes to the financial statements are an integral part of this statement.

Note 1. Summary of Significant Accounting Policies

A. Nature of Operations

The Redevelopment Agency of the City of Riverside (Agency) rehabilitates blighted areas within six active project areas located within the boundaries of the City of Riverside (City). The members of the City Council serve as the governing board of the Agency (Board). The Agency actively participates in projects of a public nature which encourage the development or rehabilitation of private and public development projects. Additionally, the Agency is actively involved in City-wide historic preservation and initiated a program in early 1990 designed to preserve, through redevelopment activities along with special State and Federal incentives, the integrity of historic, civic, commercial and residential structures and neighborhoods. The Agency plans to use the special features that give the City its unique character as a catalyst for new development, tourism and economic revitalization.

B. Reporting Entity

The Agency is considered a "component unit" of the City of Riverside for financial reporting purposes. The Agency was created in 1969, in accordance with the Community Redevelopment Law of California and the State of California Health and Safety Code, and acts as a legal entity, separate and distinct from the City of Riverside. Actions of the Agency are binding, and business, including the incurrence of long-term obligations, is routinely transacted in the Agency's name by its appointed representatives. The Agency is broadly empowered to engage in general economic revitalization and redevelopment of the City through acquisition and development of property in City areas determined to be in a declining condition.

In fiscal year 1988, the Riverside Public Financing Authority (Authority), a non-profit corporation, was created as a joint-powers authority between the Agency and the City to serve as a conduit for the issuance of bonds to fund improvements in various redevelopment project areas. The Authority has issued tax allocation bonds secured by loan agreements between the Agency and the Authority. These loan agreements are secured by a first pledge of and lien on a portion of property tax revenues within the respective project areas. Financial data of the Authority is included in the appropriate fund types of the Agency. Separate completed Authority financial statements may be obtained from the City's Finance Department, 3900 Main Street, Riverside, California 92522.

The Agency has received/advanced monies from/to the City of Riverside for use on redevelopment projects. Agreements between the Agency and the City provide for the Agency to repay the advances from future tax increment revenues, subordinated to the Agency's bonded debt. Included in the statement of net assets at June 30, 2003, are advances from the City and accumulated interest totaling $13,331.

C. Government-wide and Fund Financial Statements

The Agency-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Agency. All significant interfund activity has been removed from these statements. The Agency provides only governmental activities, which are supported by taxes and intergovernmental revenues. Major individual governmental funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Agency-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Agency reports the following major governmental funds:

Debt service funds for the Downtown/Airport and the University Corridor/Sycamore Canyon project areas are reported as major funds. The debt service funds account for the resources accumulated and payments made for principal and interest on long-term obligation debt of the Agency.

Capital projects funds for the Casa Blanca, Downtown/Airport and University Corridor/Sycamore Canyon project areas are reported as major funds. The capital projects funds account for the resources accumulated and payments made for projects of the Agency.

Program revenues consist of charges for services and capital grants and contributions. Charges for services include lease payments received on California Tower and principal payments on loans. Capital grants and contributions include revenue from the Section 108 loan from the U. S. Department of Housing and Urban Renewal for Mission Village.

E. Cash and Investments

In accordance with Agency policy, the Agency's cash and investments, except for cash and investments with fiscal agents, are invested in a pool managed by the Treasurer of the City. The Agency does not own specific, identifiable investments of the pool. The pooled interest earned is allocated monthly based on the month end cash balances.

The City values its cash and investments in accordance with the provisions of Government Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and External Investment Pools (GASB 31)," which requires governmental entities, including governmental external investment pools, to report certain investments at fair value in the statement of net assets/balance sheet and recognize the corresponding change in the fair value of investments in the year in which the change occurred. Fair value is determined using quoted market prices.

Cash accounts of all funds are pooled for investment purposes to enhance safety and liquidity while maximizing interest earnings.

Citywide information concerning cash and investments for the year ended June 30, 2003, including authorized investments, credit risk, carrying amount and market value of deposits and investments may be found in the notes of the City's "Comprehensive Annual Financial Report."

F. Cash and Investments at Fiscal Agents

Cash and investments maintained by fiscal agents are considered restricted by the Agency and are pledged as collateral for payment of principal and interest on bonds.

G. Capital Assets

Assets are capitalized at historical cost or, in the case of gifts or contributions, at fair value at the time of receipt by the Agency. Assets are depreciated based on their estimated useful lives: improvements , 20-99 years and machinery and equipment, 3-15 years.

H. Land and Improvements Held for Resale

Land and improvements held for resale are generally acquired under Developer Disposition Agreements (DDAs) in the normal course of redevelopment activity. The DDAs provide for transfer of the property to developers after certain redevelopment obligations have been fulfilled. The property is carried at cost until an event occurs to indicate a lower net realizable value.

I. Compensated Absences

The Agency's employees receive ten to twenty-three vacation days a year based upon length of service. A maximum of two years' vacation accrual can be accumulated and unused vacation is paid in cash upon separation.

Employees primarily receive one day of sick leave for each month of employment with unlimited accumulation. Upon retirement or death, a percentage of unused sick leave is paid to certain employees or their estates in lump sum based on longevity. Compensated absences of $197 have been recorded in the statement of net assets.

J. Long-Term Obligations

In the Agency-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, government fund types recognize bond premiums and discounts, as well as bond issuance costs, as expenditures of the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

K. Fund Equity

In the fund financial statements, reserves represent those portions of fund equity not available for appropriation or legally segregated for a specific future use. Designated fund balances represent amounts identified by management for the future use of financial resources.

L. Interfund Transactions

Interfund transactions at the fund level are accounted for as revenues and expenditures. Transactions which constitute reimbursements are eliminated in the reimbursed fund and accounted for as expenditures in the fund to which the transaction is applicable.

During the year, transactions occur between individual funds for goods provided or services rendered. Related receivables and payables are classified as "due from/to other funds" on the accompanying fund level statements. The noncurrent portion of long-term interfund loans are reported as advances from/to other funds and are equally offset by a fund balance reserve to indicate that the receivable does not constitute available expendable financial resources. These advances received from the City are for capital purposes and have been treated as an external borrowing in the fund financial statements. Advances the Agency has made to the City include accrued interest which has been offset by deferred revenue.

M. Deferred Revenues

Governmental funds report deferred revenue on their balance sheets. Deferred revenues arise in governmental funds when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Agency before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized.

Deferred revenues on the Agency's financial statements include future revenues from the capital lease of California Tower building to the State of California and other loans receivable.

(amounts expressed in thousands)

N. Property Tax Calendar

Under California law, general property taxes are assessed for up to 1% of assessed value. General property taxes are collected by the counties along with other special district taxes and assessments and voter approved debt. General property tax revenues are collected and pooled by the county throughout the fiscal year and then allocated and paid to the county, cities and school districts based on complex formulas prescribed by State statutes.

Property taxes are levied on assessed values as of January 1 for the ensuing fiscal year. On July 1 of the fiscal year the levy is placed and a lien is attached to the property. Property taxes are due in two installments. The first installment is due November 1 and is delinquent on December 10. The second installment is due February 1 and is delinquent on April 10. Property taxes receivable represent current and prior years' delinquent tax levies, adjusted for uncollectable amounts.

O. Tax Increment Revenues

Incremental property taxes are considered as revenue by the Agency when they become measurable and available for financing redevelopment activities during the year.

Incremental property tax revenues represent property taxes collected from the taxes levied and collected each year on a redevelopment project in excess of the amount that would have been levied and collected on the base year property tax assessment. (A property tax base year is determined to be the year prior to the establishment of a redevelopment project area.)

P. Use of Estimates

The preparation of financial statements in conformity with accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures. Specifically, the Agency has made certain estimates and assumptions relating to the collectibility of its receivables and the valuation of property held for resale. Actual results may differ from those estimates and assumptions.

Q. Implementation of New Accounting Principles

Government Accounting Standards Board (GASB) issued Statement No. 40, Deposit and Investment Risk Disclosures. The Statement amends GASB Statement No. 3, Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements to address common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. As an element of interest rate risk, the Statement requires certain disclosures of investments that have fair market values that are highly sensitive to changes in interest rates. Deposit and investment policies related to the risks identified in this Statement also should be disclosed. The Agency will be required to implement this Statement for the fiscal year ending June 30, 2005.

(amounts expressed in thousands)

Note 2: Rehabilitation Loans Receivable and Capital Lease Receivable

Rehabilitation Loans Receivable

The Agency grants loans of up to 30 years bearing interest from 0 to 12 percent secured by deeds of trust to individuals and businesses to assist in the redevelopment of the City.

All loans must be approved by the Agency's Governing Board. At the time such loans are approved, a commitment is established for the total loan amount. Portions of the loans are disbursed as construction and other rehabilitation costs are incurred.

As of June 30, 2003, loans receivable by project area are as follows:

Special Revenue Funds:	
Arlington	$ 12
Casa Blanca	2,455
Downtown/Airport	353
University Corridor/Sycamore Canyon	323
Rehabilitation	106
	3,249
Capital Projects Funds:	
Casa Blanca	433
Downtown/Airport	763
University Corridor/Sycamore Canyon	84
	1,280
Total	**$4,529**

Capital Lease Receivable

The Agency has a Capital Lease Agreement with the State of California for the California Tower Office Complex, located in the Downtown/Airport Project Area. The Agreement is for a thirty year period and at maturity the ownership of California Tower will be transferred to the State. The terms of the Agreement require annual installments from $95 to $2,730 through October 1, 2024.

The minimum future annual installments to be received are as follows:

2004	$2,199
2005	2,221
2006	2,249
2007	2,273
2008	2,298
Thereafter	43,669
Total Capital Lease Receivable	54,909
Less: Unearned Interest	(26,984)
Net Capital Lease Receivable	**$27,925**

(amounts expressed in thousands)

Note 3. Land and Improvements Held for Resale

A summary of the estimated net realizable value of land and improvements held for resale by project area as of June 30, 2003, is as follows:

Special Revenue Funds:	
Casa Blanca	$ 57
University Corridor/Sycamore Canyon	591
	648
Capital Projects Funds:	
Casa Blanca	238
Downtown/Airport	6,596
University Corridor/Sycamore Canyon	400
	7,234
Total	**$ 7,882**

Note 4. Due From/To Other Funds

Agency capital projects funds temporarily loaned cash to special revenue funds to cover negative cash balances. A summary of these temporary loans at June 30, 2003, is as follows:

Receivable Fund	Payable Fund	Amount
Redevelopment Agency – Capital Projects	Redevelopment Agency – Special Revenue	$ 930
	Total	**$ 930**

Note 5. Transfers In/Out

Transfers are made between funds for debt service payments on housing bonds, to pay pass-through agreements and to transfer revenues available for capital projects. A summary of transfers between Redevelopment Agency funds at June 30, 2003, is as follows:

Transfer In Fund	Transfer Out Fund	Amount
Special Revenue	Capital Projects	$ 27
Debt Service	Special Revenue	2,697
	Capital Projects	28
Capital Projects	Debt Service	9,659
	Total	**$12,411**

Note 6. Capital Assets

A summary of changes in the capital assets is as follows:

	Beginning Balance	Additions	Sales or Dispositions	Ending Balance
Land	**$1,289**	**$ 0**	**$ 0**	**$1,289**
Buildings	9,599	0	(7,599)	2,000
Improvements	370	0	0	370
Equipment	689	0	(414)	275
Depreciable Assets	10,658	0	(8,013)	2,645
Less accumulated depreciation for:				
Buildings	576	0	(576)	0
Improvements	19	19	0	380
Equipment	431	18	(260)	189
Depreciation	1,026	37	(836)	227
Depreciable Assets, Net	**$9,632**	**$(37)**	**$(7,177)**	**$2,418**

(amounts expressed in thousands)

Sale or dispositions of assets includes $7,023 to reflect the impaired value of a parking structure.

Note 7. Long-Term Obligations

Changes in Long-Term Obligations

The following is a summary of changes in long-term obligations during the fiscal year:

	Balance, Beginning Of Year	Additions	Reductions	Balance, End Of Year	Due within One Year
Lease Revenue Bonds	$28,240	$0	$315	$27,925	$365
Notes Payable	11,097	750	399	11,448	441
Tax Allocation Bonds	83,025	0	1,930	81,095	2,010
Revenue Bonds	615	0	20	595	25
Compensated Absences	212	137	144	205	151
Sub-total	123,189	887	2,808	121,268	2,992
Advances from the City	14,246	728	1,643	13,331	620
Total	$137,435	$1,615	$4,451	$134,599	$3,612

Notes Payable

The following notes payable were issued to promote development and expansion of areas with the project areas. The Agency has the following notes payable at June 30, 2003:

	Principal Outstanding
The Agency entered into an Agreement with the City of Riverside to make payments on a HUD Section 108 Loan used to fund the University Village Project, interest at 5.36% to 7.66%. The note is payable in annual principal and interest installments of $272 to $425 through August, 2015.	$3,385
The Agency entered into an Agreement with the City of Riverside to make payments on a HUD Section 108 loan used to fund the Mission Village Project, interest at 6.15% to 6.72%, payable in semi-annual installments beginning August 1, 1999 of $110 to $420 through August 1, 2026.	4,286
Note payable to Pepsi Cola Bottling Company of Los Angeles, interest at 10.5%. Once a certificate of completion is issued, the note is payable in net annual installments of principal and interest of $341 through June, 2026. The certificate of completion cannot be issued until Pepsi has reached a $26 million investment requirement.	2,987
Note Payable to California Housing Finance Agency, interest at 3%, payable in annual installments of $88 through 2013, for housing projects.	750
Note payable to the City of Riverside at no interest, payable in annual installments of $20 through 2005, for Magnolia Center Project Area formation costs.	40
Total Notes Payable	**$ 11,448**

(amounts expressed in thousands)

The following is a schedule of annual debt service requirements to maturity as of June 30, 2003:

Fiscal Year	Principal	Interest	Total
2004	$ 419	$ 843	$1,262
2005	443	819	1,262
2006	463	791	1,254
2007	496	762	1,258
2008	531	730	1,261
2009-2013	3,298	3,064	6,362
2014-2018	3,321	1,809	5,130
2019-2023	1,197	947	2,144
2023-2026	1,280	430	1,710
Totals	**$11,448**	**$10,195**	**$21,643**

Bonds Payable

Bonds Payable at June 30, 2003, consisted of the following:

	Principal Outstanding
Tax Allocation Bonds	
$31,600 1993 Downtown/Airport Project Area, Tax Allocation Refunding Bonds, $6,975 serial bonds, 4.0% to 5.4%, due in annual installments from $155 to $1,015 through August 1, 2008; and $24,190 term bonds, 5.625%, due in annual installments from $1,070 to $2,300 through August 1, 2023	$29,575
$12,090 1994 Multiple Project Areas, Tax Allocation Serial Refunding Bonds issued through the Association of Bay Area Government Bond Pool, 4.7% to 6.4%, due in annual installments from $175 to $840 through December 1, 2024.	10,435
$17,025 1999 University Corridor/Sycamore Canyon Merged Project Area, Tax Allocation Bonds, Series A; 3.4% to 4.7% due in annual installments from $40 to $570 through August 1, 2014; $4,810 term bonds at 4.75% due August 1, 2021; and $6,010 term bonds at 5.0% due August 1, 2027	16,290
$6,055 1999 University Corridor/Sycamore Canyon Merged Project Area, Subordinate Tax Allocation Bonds, series B; 4.5% to 5.5% due in annual installments from $35 to $190 through September 1, 2013; $1,135 term bonds at 5.5% due September 1, 2018; and $3,020 term bonds at 5.625% due September 1, 2027	5,810
$20,395 1999 Casa Blanca Project Area, Tax Allocation Bonds, Series A; 3.4% to 4.7% due in annual installments from $455 to $780 through August 1, 2014; $2,565 term bonds at 4.75% due August 1, 2017; $4,035 term bonds at 4.75% due August 1, 2021; and $4,870 term bonds at 5.0% due August 1, 2025.	18,985
Total	**$ 81,095**

(amounts expressed in thousands)

	Principal Outstanding
Revenue Bonds	
$13,285 1991 Public Financing Authority Revenue Bonds, Series A, Multiple Project Areas: $1,470 serial bonds, 7.15% to 7.60%, due in annual installments from $100 to $145 through February 1, 2003; $4,175 term bonds, 8.00%, due in annual installments from $155 to $450 through February 1, 2018 (portion not refunded).	$ 595
Lease Revenue Bonds	
$24,810 1994 Downtown/Airport Project Area, Series A, Tax Exempt Bonds: $4,085 serial bonds, 4.60% to 6.00%, due in annual installments from $90 to $610 through October 1, 2009; $5,250 term bonds, 6.00%, due in annual installments from $675 to $1,090 through October 1, 2015; $13,140 term bonds, 6.375%, due in annual installments from $1,190 to $2,155 through October 1, 2023; $2,335 term bonds, 6.50%, due a single installment on October 1, 2024.	$23,815
$4,305 1994 Downtown/Airport Project Area, Series B, Taxable Bonds: $45 term bonds, 7.50%, due in annual installments from $5 to $25 through October 1, 1999; $295 term bonds, 8.30%, due in annual installments from $35 to $75 through October 1, 2004; $470 term bonds, 8.65%, due in annual installments from $80 to $110 through October 1, 2009; $3,495 term bonds, 8.80%, due in annual installments from $120 to $395 through October 1, 2024.	4,110
Total	$ 27,925
Total Bonds Payable	$ 109,615

Annual debt service requirements to maturity for Bonds Payable, as of June 30, 2003, are as follows:

Fiscal Year	Principal	Interest	Total
2004	$ 2,400	$ 6,086	$ 8,486
2005	2,525	5,969	8,494
2006	2,690	5,843	8,533
2007	2,835	5,705	8,540
2008	3,015	5,556	8,571
2009-2013	18,160	25,064	43,224
2014-2018	24,700	19,125	43,825
2019-2023	33,330	10,813	44,143
2024-2028	19,960	1,791	21,751
Total	$109,615	$85,953	$195,568

(amounts expressed in thousands)

Advances from the City of Riverside

All advances from the City accrue interest at the rate earned by the City's pooled investments which was 4.21% at June 30, 2003
.

A schedule of the Agency's advances and related accrued but unpaid interest from the City at June 30, 2003, follows:

	Principal	Accrued Interest	Total
Downtown/Airport Project - $2,500 advance of December 3, 1985, due July 1, 2013.	$2,500	$ 828	$3,328
Downtown/Airport Project - $340 advance of October 1, 2002, due October 1, 2009.	340	11	351
Magnolia Center Project – $91 advance of April 18, 2000, due April 18, 2005	35	1	36
Downtown/Airport Project – $2,503 advance of March 12, 2002, due March 12, 2007	2,193	92	2,285
Central Industrial Project – $7,000 advance of May 24, 2002, due upon obtaining permanent financing	7,000	331	7,331
Total	**$12,068**	**$1,263**	**$13,331**

Note 8. Risk Management Self Insurance Program

The Agency participates in a self-insurance program for Workers' Compensation and General Liability coverage which is administered by the City. The Agency pays an amount to the City representing an estimate of amounts to be paid for reported claims incurred and unreported claims based upon past experience, modified for current trends and information.

While the ultimate losses incurred through June 30, 2003, are dependent upon future developments, the Agency's management believes that amounts paid are sufficient to cover such losses. Premiums paid by the Agency for the year ended June 30, 2003, were $55 and were allocated to the project areas.

Citywide information concerning risks, insurance policy limits and deductibles and designation of general fund balance for risks for the year ended June 30, 2003, may be found in the notes of the City's "Comprehensive Annual Financial Report."

Note 9. Employees' Retirement Plans

Agency employees are covered under the City's participation in the State of California's Public Employees Retirement System (CalPERS).

All permanent full-time and selected part-time Agency employees are eligible for participation in CalPERS. Benefits vest after five years of service and are determined by a formula that considers the employee's age, years of service and salary. Employees may retire at age 55 and receive 2.7% of their highest average annual salary for each year of service completed. CalPERS also provides death and disability benefits. These benefit provisions and all other requirements are established by State statute and City ordinance. Employee contributions are 8% and are paid by the Agency. The Agency is required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by the CalPERS actuaries and actuarial consultants and adopted by the Board of Administration. Contributions made for Agency employees were $102 for the year ended June 30, 2003.

(amounts expressed in thousands)

Citywide information concerning elements of unfunded pension benefit obligation, contributions to CalPERS for the year ended June 30, 2003, and recent trend information may be found in the notes of the City's "Comprehensive Annual Financial Report".

Note 10. Deficit Fund Balances

A deficit fund balances of $938 exists in the Special Revenue Fund Downtown/Airport Project Area. Property tax appeals have reduced the amount of property tax increment revenues received in this fund. Subsequent years expenditures will be appropriately monitored to correct the deficit balances with future revenues.

Note 11. Commitments and Litigation

Commitments

The Agency is committed to incur construction, relocation and other redevelopment costs under various Developer Disposition Agreements (DDA's), Owner Participation Agreements (OPA's) and Financial Loan Guaranties related to the implementation of redevelopment plans. The Agency has included approximately $10,028 in the Fiscal Year 2003/2004 Budget relating to these commitments.

Litigation

The Agency is a defendant in various claims and legal actions arising in the normal course of operations. Management, based in part on the opinion of the Agency's outside legal counsel, does not believe the ultimate liability from such actions and claims will have a material adverse effect on the Agency's financial position or operations.

Note 12: Restatement of Net Assets/Fund Balance:

The Agency's Net Assets for Governmental Activities and Fund Balance at June 30, 2002 have been restated to record the elimination of deferred revenue associated with a capital lease receivable and to correct a capital assets entry.

The restatements had the following effect on the Net Assets for Governmental Activities:

Beginning, as previously reported	$(81,692)
Elimination of deferred revenue associated with a capital lease receivable	27,925
Capital assets restatement entry	9,023
Beginning, as restated	**$(44,744)**

Note 13: Subsequent Events

Redevelopment agencies in the State of California are required to transfer a total of $135,000 (unaudited) in property tax revenues to the Education Revenue Augmentation Fund (ERAF) in fiscal year 2004 to help balance the state's budget. The Agency share of ERAF for fiscal year 2004 is $776.

Subsequent to June 30, 2003, two bond issues were completed to take advantage of improved interest rates and/or realize debt service savings.
The bond issues were as follows:

On July 8, 2003, the Agency issued the Lease Revenue Refunding Bonds 2003 Series A for $26,255 and 2003 Series B for $4,810 to advance refund $27,925 of the 1994 Downtown/Airport Project Area, Series A and B Bonds;

On July 29, 2003, the Agency issued the Series 2003 Merged Project Area Tax Allocation and Refunding Bonds totaling $40,435 to advance refund $29,575 of the 1993 Tax Allocation Refunding Bonds and provide $10,805 for new projects in the Downtown/Airport Project Area.

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CITY OF
RIVERSIDE
BE A PART OF IT

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REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
(a component unit of the City of Riverside, California)
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2003
(amounts expressed in thousands)

	Special Revenue								Debt Service
Assets	Arlington	Casa Blanca	Eastside	Magnolia Center	Downtown/ Airport	University Corridor/ Sycamore Canyon	Rehabil-itation	Totals	Arlington
Cash and investments	$533	$262	$3	$249	$0	$1,237	$315	$2,599	$52
Cash and investments at fiscal agent	0	0	0	0	0	1,510	0	1,510	60
Interest receivable	5	3	0	3	0	10	2	23	5
Accounts receivable, net	0	0	0	0	0	2	0	2	0
Rehabilitation loans receivable	12	2,455	0	0	353	323	106	3,249	0
Land and improvements held for resale	0	57	0	0	0	591	0	648	0
Total Assets	550	2,777	3	252	353	3,673	423	8,031	117
Liabilities and Fund Balances (Accumulated Deficit)									
Liabilities:									
Accounts payable	0	0	0	0	10	80	15	105	0
Deferred revenues	0	2,455	0	0	351	263	0	3,069	0
Deposits	0	0	0	0	0	10	0	10	0
Due to other funds	0	0	0	0	930	0	0	930	0
Total Liabilities	0	2,455	0	0	1,291	353	15	4,114	0
Fund Balances (Accumulated Deficit):									
Reserved for encumbrances	0	0	0	0	12	88	0	100	0
Reserved for loans receivable	12	0	0	0	2	61	106	181	0
Reserved for land and improvements held for resale	0	57	0	0	0	591	0	648	0
Reserved for debt service	0	0	0	0	0	0	0	0	117
Unreserved, designated for future operations	0	40	0	0	22	1,440	0	1,502	0
Unreserved, undesignated	538	225	3	252	(974)	1,140	302	1,486	0
Total Fund Balances (Accumulated Deficit)	550	322	3	252	(938)	3,320	408	3,917	117
Total Liabilities and Fund Balances	$550	$2,777	$3	$252	$353	$3,673	$423	$8,031	$117

See accompanying independent auditors' report.

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
(a component unit of the City of Riverside, California)
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2003
(amounts expressed in thousands)

	Debt Service				Capital Projects Funds				
Assets	Casa Blanca	Eastside	Magnolia Center	Totals	Arlington	Eastside	Magnolia Center	Totals	Total Nonmajor Funds
Cash and investments	$928	$59	$1	$1,040	$1,070	$0	$657	$ 1,727	$5,366
Cash and investments at fiscal agent	349	32	0	441	0	0	0	0	1,951
Interest receivable	11	1	2	19	6	0	6	12	54
Accounts receivable, net	0	0	0	0	0	0	32	32	34
Rehabilitation loans receivable	0	0	0	0	0	0	0	0	3,249
Land and improvements held for resale	0	0	0	0	0	0	0	0	648
Total Assets	1,288	92	3	1,500	1,076	0	695	1,771	11,302
Liabilities and Fund Balances (Accumulated Deficit)									
Liabilities:									
Accounts payable	0	0	0	0	124	0	97	221	326
Deferred revenues	0	0	0	0	0	0	0	0	3,069
Deposits	0	0	0	0	0	0	0	0	10
Due to other funds	0	0	0	0	0	0	0	0	930
Total Liabilities	0	0	0	0	124	0	97	221	4,335
Fund Balances (Accumulated Deficit):									
Reserved for encumbrances	0	0	0	0	4	0	3	7	107
Reserved for loans receivable	0	0	0	0	0	0	0	0	181
Reserved for land and improvements held for resale	0	0	0	0	0	0	0	0	648
Reserved for debt service	1,288	92	3	1,500	0	0	0	0	1,500
Unreserved, designated for future operations	0	0	0	0	463	0	218	681	2,183
Unreserved, undesignated	0	0	0	0	485	0	377	862	2,348
Total Fund Balances (Accumulated Deficit)	1,288	92	3	1,500	952	0	598	1,550	6,967
Total Liabilities and Fund Balances	$1,288	$92	$3	$1,500	$1,076	$0	$695	$1,771	$11,302

See accompanying independent auditors' report.

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
(a component unit of the City of Riverside, California)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (ACCUMULATED DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2003
(amount expressed in thousands)

	Special Revenue								Debt Service
	Arlington	Casa Blanca	Eastside	Magnolia Center	Downtown/ Airport	University Corridor/ Sycamore Canyon	Rehabil-itation	Totals	Arlington
Revenues:									
Tax Increment	$165	$406	$12	$111	$1,690	$852	$0	$3,236	$660
Interest	11	8	0	7	5	72	1	104	8
Intergovernmental	0	0	0	0	200	0	0	200	0
Miscellaneous	250	2	0	0	52	404	0	708	0
Total Revenues	426	416	12	118	1,947	1,328	1	4,248	668
Expenditures:									
Current:									
Salaries and administrative	36	1	0	35	69	250	0	391	0
Professional services	10	7	0	4	33	113	0	167	9
Property acquisitions	0	63	0	0	0	0	0	63	0
Project improvement	0	0	0	0	0	1,772	0	1,772	0
Pass-through agreement	0	0	0	0	0	0	0	0	0
Debt service:									
Principal	0	0	0	0	0	0	0	0	18
Interest	0	0	0	0	0	0	0	0	39
Repayment of advances	0	0	0	0	0	0	0	0	0
Total Expenditures	46	71	0	39	102	2,135	0	2,393	66
Excess(Deficiency) of Revenues Over(Under) Expenditures	380	345	12	79	1,845	(807)	1	1,855	602
Other Financing Sources(Uses):									
Transfers in	0	0	0	0	27	0	0	27	13
Transfers out	(13)	(404)	(7)	0	(1,843)	(430)	0	(2,697)	(610)
Proceeds from issuance of long-term debt	0	0	0	0	0	750	0	750	0
Loss on sale of assets held for resale	0	(5)	0	0	(336)	(264)	0	(605)	0
Total Other Financing Sources(Uses)	(13)	(409)	(7)	0	(2,152)	56	0	(2,525)	(597)
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	367	(64)	5	79	(307)	(751)	1	(670)	5
Fund Balances (Accumulated Deficit), July 1	183	386	(2)	173	(631)	4,071	407	4,587	112
Fund Balances (Accumulated Deficit), June 30	$550	$322	$3	$252	($938)	$3,320	$408	$3,917	$117

See accompanying independent auditors' report.

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
(a component unit of the City of Riverside, California)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (ACCUMULATED DEFICIT)
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2003
(amount expressed in thousands)

	Debt Service				Capital Projects Funds				
	Casa Blanca	Eastside	Magnolia Center	Totals	Arlington	Eastside	Magnolia Center	Totals	Total Nonmajor Funds
Revenues:									
Tax increment	$1,623	$48	$445	$2,776	$0	$0	$0	$0	$6,012
Interest	22	2	2	34	27	0	20	47	185
Intergovernmental	0	0	0	0	0	0	0	0	200
Miscellaneous	0	0	0	0	0	0	289	289	997
Total Revenues	1,645	50	447	2,810	27	0	309	336	7,394
Expenditures:									
Current:									
Salaries and administrative	2	0	0	2	88	0	113	201	594
Professional services	26	1	7	43	155	0	1	156	366
Property acquisitions		0	0	0	0	0	0	0	63
Project improvement	0	0	0	0	0	0	261	261	2,033
Pass-through agreement	0	0	0	0	174	0	145	319	319
Debt service:									
Principal	485	6	0	509	0	0	0	0	509
Interest	881	23	0	943	0	0	0	0	943
Repayment of advances	0	0	42	42	0	0	0	0	42
Total Expenditures	1,394	30	49	1,539	417	0	520	937	4,869
Excess(Deficiency) of Revenues Over(Under) Expenditures	251	20	398	1,271	(390)	0	(211)	(601)	2,525
Other Financing Sources(Uses):									
Transfers in	404	7	0	424	610	0	397	1,007	1,458
Transfers out	(649)	0	(397)	(1,656)	0	0	0	0	(4,353)
Advances from the City	0	0	0	0	0	0	0	0	750
Loss on sale of assets held for resale	0	0	0	0	0	0	0	0	(605)
Total Other Financing Sources(Uses)	(245)	7	(397)	(1,232)	610	0	397	1,007	(2,750)
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	6	27	1	39	220	0	186	406	(225)
Fund Balances (Accumulated Deficit), July 1	1,282	65	2	1,461	732	0	412	1,144	7,192
Fund Balances (Accumulated Deficit), June 30	$1,288	$92	$3	$1,500	$952	$0	$598	$1,550	$6,967

See accompanying independent auditors' report.

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
(a component unit of the City of Riverside, California)
CALCULATION OF EXCESS SURPLUS IN THE LOW AND MODERATE INCOME HOUSING FUND
June 30, 2003

		(in thousands)
Fund Balance, June 30, 2003		$3,917
Less Unavailable Amounts:		
Encumbrances	$100	
Rehabilitation loans	181	
Land and improvements held for resale	648	
Unspent debt proceeds	1,510	(2,439)
Available Low and Moderate Income Housing Funds		1,478
Limitation (greater of $1,000 or four years set-aside)		
Set-aside for last four years		
2001-2002	2,972	
2000-2001	2,656	
1999-2000	2,566	
1998-1999	2,367	
		(10,561)
Excess(Deficit) of Available Low and Moderate Income Housing Funds Over(Under) Limitation		($9,083)
Computed Excess Surplus, June 30, 2003		$0

McGladrey & Pullen
Certified Public Accountants

Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in accordance with Government Auditing Standards

To the Honorable Mayor
and Members of the City Council
Redevelopment Agency of the City of Riverside
Riverside, California

We have audited the financial statements of the Redevelopment Agency of the City of Riverside (the Agency) as of and for the year ended June 30, 2003, and have issued our report thereon dated September 30, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller Gen he United States.

Compliance

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such provisions included those provisions of laws and regulations identified in the *Guidelines for Compliance Audits of California Redevelopment Agencies,* issued by the State Controller and as interpreted in the *Suggested Auditing Procedures for Accomplishing Compliance Audits of California Redevelopment Agencies,* issued by the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards.*

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of City Council, management and the State Controller. However, this report is a matter of public record and its distribution is not limited.

McGladrey & Pullen, LLP

Riverside, California
September 30, 2003

APPENDIX D

FORM OF FINAL OPINION OF BOND COUNSEL

Redevelopment Agency of the City of Riverside
Riverside, California

Re: $24,115,000 Redevelopment Agency of the City of Riverside
Housing Set-Aside Tax Allocation Bonds 2004 Series A

Members of the Redevelopment Agency:

We have acted as bond counsel in connection with the issuance by the Redevelopment Agency of the City of Riverside (the "Agency") of its $24,115,000 aggregate principal amount Redevelopment Agency of the City of Riverside Tax Allocation Bonds 2004 Series A (the "Bonds"). The Bonds are issued pursuant to the provisions of the Community Redevelopment Law, being Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code of the State of California (the "Law") and a Trust Indenture, dated as of November 1, 2004 (the "Trust Indenture"), by and between the Agency and U.S. Bank National Association, as Trustee. In connection with the issuance of the Bonds, we have examined the Law, the Trust Indenture and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Agency contained in the Trust Indenture and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify such facts by independent investigation.

Based upon our examination, we are of the opinion, as of the date hereof, that:

1. The Agency is a duly organized and validly existing public body, corporate and politic.

2. The Bonds constitute valid, legal and binding special obligations of the Agency enforceable in accordance with their terms.

3. The Trust Indenture has been duly and legally authorized, executed and delivered and constitutes a valid, legal and binding obligation of the Agency enforceable in accordance with its terms. The Trust Indenture creates a valid lien on funds pledged by the Trust Indenture for the security of the Bonds, being comprised of Tax Revenues (as defined in the Trust Indenture) and certain amounts in the funds and accounts for the Bonds.

4. The Internal Revenue Code of 1986, as amended (the "Code"), sets forth certain investment, rebate and related requirements which must be met subsequent to the issuance and delivery of the Bonds for the interest on the Bonds to be and remain excluded from gross income for purposes of federal income taxation. Noncompliance with such requirements could cause the interest on the Bonds to be subject to federal income taxation retroactive to the date of issue of the Bonds. Pursuant to the Trust Indenture, the Agency has covenanted to comply with the requirements of the Code. We are of the opinion that, assuming compliance with the aforementioned covenant, the interest on the Bonds is excluded from gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions. We are further of the opinion that interest on the Bonds is not a specific preference item for purposes of the alternative minimum tax

provisions of the Code. However, interest on the Bonds received by corporations will be included in corporate adjusted current earnings, a portion of which may increase the alternative minimum taxable income of such corporations.

5. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

Although the interest on the Bonds is excluded from gross income for federal tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend on the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Trust Indenture may be subject to bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Respectfully submitted,

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (the "Disclosure Certificate") is executed and delivered by the REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE (the "Agency") in connection with the execution and delivery of the Redevelopment Agency of the City of Riverside Housing Set-Aside Tax Allocation Bonds, 2004 Series A (the "2004 Bonds"). The 2004 Bonds are being executed and delivered pursuant to a Trust Indenture, dated as of November 1, 2004 (the "Trust Indenture"), by and between U.SA. Bank National Association, as trustee (the "Trustee"), and the Agency. The Agency covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Agency for the benefit of the holders and beneficial owners of the 2004 Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Trust Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"CPO" means the Internet-based filing system currently located at www.DisclosureUSA.org, or such other similar filing system approved by the Securities and Exchange Commission for a similar purpose.

"Dissemination Agent" shall mean U.S. Bank National Association, or any successor Dissemination Agent designated in writing by the Agency and which has filed with the Agency and the Trustee a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. Information on the National Repositories as of a particular date is available on the Internet at www.sec.gov/consumer/nrmsir.htm.

"Participating Underwriter" shall mean any of the original underwriters of the 2004 Bonds required to comply with the Rule in connection with offering of the 2004 Bonds.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State Repository" shall mean any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Certificate, there is no State Repository.

Section 3. Provision of Annual Reports.

(a) The Agency shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the Agency's fiscal year (which would currently be April 1 based upon the current June 30 end of the Agency's fiscal year), commencing with the report for the 2003-04 fiscal year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate with a copy to the Trustee. Not later than five (5) Business Days prior to said date, the Agency shall provide the Annual Report to the Dissemination Agent (if other than the Agency), Stone & Youngberg and the Trustee (if the Trustee is not the Dissemination Agent). If by such date the Dissemination Agent (if other than the Agency) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Agency to determine if the Agency is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Agency may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date. If the Agency's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The Agency shall provide a written certification with each Annual Report furnished to the Dissemination Agent and the Trustee to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Agency hereunder.

(b) If the Agency is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the Agency shall, by written direction, cause the Dissemination Agent to provide to (i) each National Repository or the Municipal Securities Rulemaking Board and (ii) each appropriate State Repository (with a copy to the Trustee) a notice, in substantially the form attached as Exhibit A. In lieu of filing the notice with each Repository, the Agency or the Dissemination Agent may file such notice with the CPO.

(c) With respect to the Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; and

(ii) if the Dissemination Agent is other than the Agency, file a report with the Agency certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

(d) In lieu of filing the Annual Report with each Repository in accordance with the preceding paragraph (c), the Agency or the Dissemination Agent may file such Annual Report solely with the CPO.

Section 4. Content of Annual Reports. The Agency's Annual Report shall contain or incorporate by reference the following:

(a) Audited Financial Statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Agency's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for Annual Reports provided for in Section 3 above, financial information and operating data with respect to the Agency for the preceding fiscal year, substantially similar to that provided in the corresponding tables and charts in the official statement for the 2004 Bonds:

(i) Principal amount of the 2004 Bonds outstanding.

(ii) The Reserve Requirement and the balance in the Reserve Account under the Indenture as of June 30 of the most recently completed fiscal year.

(iii) Description of issuance by the Agency of any debt payable from or secured by a pledge of Tax Revenues in the Redevelopment Projects in the most recently completed fiscal year (including details as to date, amount, term, rating, insurance).

(iv) Balances of amounts in the Housing Fund as of the end of the most recently completed fiscal year.

(v) The assessed value of property in each Redevelopment Project for the most recently completed fiscal year in the form of Tables No. 3, 8, 13 and 18 in the Official Statement.

(vi) The ten largest local secured property taxpayers in each Redevelopment Project in the form of Tables No. 4, 9, 14 and 19 in the Official Statement.

(vii) The coverage ratio provided by Tax Revenues with respect to debt service on the 2004 Bonds and any Parity Bonds for the most recently completed fiscal year, in the form of Table 25 in the Official Statement.

(viii) The cumulative tax increment allocated to the Agency as of June 30 of the most recently completed fiscal year in the University/Sycamore Redevelopment Project, the Original Area of the Arlington Redevelopment Project and the Downtown/Airport Redevelopment Project.

(ix) A description of any payments made by the Agency of the type described in "BOND OWNERS' RISKS - State Budget".

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Agency shall clearly identify each such other document so included by reference.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the Agency shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the 2004 Bonds, if material:

(i) Principal and interest payment delinquencies.
(ii) Non-payment related defaults.
(iii) Unscheduled draws on debt service reserves reflecting financial difficulties.
(iv) Unscheduled draws on credit enhancements reflecting financial difficulties.
(v) Substitution of credit or liquidity providers, or their failure to perform.
(vi) Adverse tax opinions or events affecting the tax-exempt status of the security.
(vii) Modifications to rights of Certificate holders.
(viii) Contingent or unscheduled redemption of 2004 Bonds.
(ix) Defeasances.
(x) Release, substitution, or sale of property securing repayment of the securities.
(xi) Rating changes.

(b) Whenever the Agency obtains knowledge of the occurrence of a Listed Event, the Agency shall as soon as possible determine if such event would be material under applicable Federal securities law.

(c) If the Agency determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the Agency shall, or by written direction cause the Dissemination Agent (if not the Agency) to, promptly file a notice of such occurrence with (i) each National Repository or the Municipal Securities Rulemaking Board and (ii) each appropriate State Repository with a copy to the Trustee, together with written direction to the Trustee whether or not to notify the Certificate holders of the filing of such notice. In the absence of any such direction, the Trustee shall not send such notice to the Certificate holders. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected 2004 Bonds pursuant to the Trust Indenture.

In lieu of filing the notice of Listed Event with each Repository in accordance with the preceding paragraph, the Agency or the Dissemination Agent may file such notice of a Listed Event with the CPO.

Section 6. Termination of Reporting Obligation. The Agency's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2004 Bonds. If such termination occurs prior to the final maturity of the 2004 Bonds, the Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be U.S. Bank National Association. Any Dissemination Agent may resign by providing thirty days' written notice to the Agency and the Trustee.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the 2004 Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the 2004 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the 2004 Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the 2004 Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Agency to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the Repositories in the same manner as for a Listed Event under Section 5(c).

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Agency to comply with any provision of this Disclosure Certificate the Trustee, at the written direction of any Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding 2004 Bonds, shall, but only to the extent moneys or other indemnity, satisfactory to the Trustee, has been furnished to the Trustee to hold it harmless from any loss, costs, liability or expense, including fees and expenses of its attorneys and any additional fees of the Trustee or any holder or beneficial owner of the 2004 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Agency to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent and the Trustee shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Agency agrees to indemnify and save the Dissemination Agent and the Trustee, their officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's or the Trustee's respective negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Agency for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent and the Trustee shall have no duty or obligation to review any information provided to it by the Agency and shall not be deemed to be acting in any fiduciary capacity for the Agency, the Certificate holders or any other party. The obligations of the Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2004 Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Agency, the Trustee, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the 2004 Bonds, and shall create no rights in any other person or entity.

Date: November 30, 2004

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE

By: ______________________________
Executive Director

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
Name of Issue:	$24,115,000 Redevelopment Agency of the City of Riverside Housing Set-Aside Tax Allocation Bonds, 2004 Series A
Date of Issuance:	November 30, 2004

NOTICE IS HEREBY GIVEN to [(i) each National Repository or the Municipal Securities Rulemaking Board and (ii) each appropriate State Repository] [the CPO and the Municipal Securities Rulemaking Board] that the Agency has not provided an Annual Report with respect to the above-named 2004 Bonds as required by Section 6.19 of the Trust Indenture, dated as of November 1, 2004, by and among U.S. Bank National Association, as trustee, and the Agency. The Agency anticipates that the Annual Report will be filed by ________________.

Dated:

REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE

By ____________________________________
Executive Director

cc: Trustee

APPENDIX F

SPECIMEN MUNICIPAL BOND NEW ISSUE INSURANCE POLICY

FGIC

Financial Guaranty Insurance Company
Doing business in California as FGIC Insurance Company
125 Park Avenue
New York, NY 10017
T 212·312·3000
T 800·352·0001

Municipal Bond
New Issue Insurance Policy

Issuer:	**Policy Number:**
	Control Number: 0010001
Bonds:	**Premium:**

Financial Guaranty Insurance Company ("Financial Guaranty"), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay to U.S. Bank Trust National Association or its successor, as its agent (the "Fiscal Agent"), for the benefit of Bondholders, that portion of the principal and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Guaranty will make such payments to the Fiscal Agent on the date such principal or interest becomes Due for Payment or on the Business Day next following the day on which Financial Guaranty shall have received Notice of Nonpayment, whichever is later. The Fiscal Agent will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid by reason of Nonpayment by the Issuer but only upon receipt by the Fiscal Agent, in form reasonably satisfactory to it, of (i) evidence of the Bondholder's right to receive payment of the principal or interest Due for Payment and (ii) evidence, including any appropriate instruments of assignment, that all of the Bondholder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Financial Guaranty. Upon such disbursement, Financial Guaranty shall become the owner of the Bond, appurtenant coupon or right to payment of principal or interest on such Bond and shall be fully subrogated to all of the Bondholder's rights thereunder, including the Bondholder's right to payment thereof.

This Policy is non-cancellable for any reason. The premium on this Policy is not refundable for any reason, including the payment of the Bonds prior to their maturity. This Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond.

As used herein, the term "Bondholder" means, as to a particular Bond, the person other than the Issuer who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof. "Due for Payment" means, when referring to the principal of a Bond, the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity and means, when referring to interest on a Bond, the stated date for payment of interest. "Nonpayment" in respect of a Bond means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all

FGIC

Financial Guaranty Insurance Company
Doing business in California as FGIC Insurance Company
125 Park Avenue
New York, NY 10017
T 212·312·3000
T 800·352·0001

Municipal Bond
New Issue Insurance Policy

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principal and interest Due for Payment on such Bond. "Notice" means telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or a paying agent for the Bonds to Financial Guaranty. "Business Day" means any day other than a Saturday, Sunday or a day on which the Fiscal Agent is authorized by law to remain closed.

In Witness Whereof, Financial Guaranty has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

President

Effective Date: **Authorized Representative**

U.S. Bank Trust National Association, acknowledges that it has agreed to perform the duties of Fiscal Agent under this Policy.

Authorized Officer

FGIC

Financial Guaranty Insurance Company
Doing business in California as FGIC Insurance Company
125 Park Avenue
New York, NY 10017
T 212·312·3000
T 800·352·0001

Endorsement

To Financial Guaranty Insurance Company Insurance Policy

Policy Number:	**Control Number:** 0010001

It is further understood that the term "Nonpayment" in respect of a Bond includes any payment of principal or interest made to a Bondholder by or on behalf of the issuer of such Bond which has been recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

Frank Burns

President

Effective Date:

Authorized Representative

Acknowledged as of the Effective Date written above:

Authorized Officer
U.S. Bank Trust National Association, as Fiscal Agent

FGIC

Financial Guaranty Insurance Company
Doing business in California as FGIC Insurance Company
125 Park Avenue
New York, NY 10017
T 212·312·3000
T 800·352·0001

Mandatory California State Amendatory Endorsement

To Financial Guaranty Insurance Company Insurance Policy

Policy Number: **Control Number:** 0010001

SPECIMEN

The insurance provided by this Policy is not covered by the California Insurance Guaranty Association (California Insurance Code, Article 14.2).

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

Frank Bivona

President

Effective Date: **Authorized Representative**

Acknowledged as of the Effective Date written above:

Authorized Officer
U.S. Bank Trust National Association, as Fiscal Agent

FGIC

Financial Guaranty Insurance Company
Doing business in California as FGIC Insurance Company
125 Park Avenue
New York, NY 10017
T 212·312·3000
T 800·352·0001

Mandatory California State Amendatory Endorsement

To Financial Guaranty Insurance Company Insurance Policy

Policy Number: **Control Number:** 0010001

Notwithstanding the terms and conditions in this Policy, it is further understood that there shall be no acceleration of payment due under such Policy unless such acceleration is at the sole option of Financial Guaranty.

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

Frank Bivona

President

Effective Date: **Authorized Representative**

Acknowledged as of the Effective Date written above:

Authorized Officer
U.S. Bank Trust National Association, as Fiscal Agent

FGIC

Financial Guaranty Insurance Company
Doing business in California as FGIC Insurance Company
125 Park Avenue
New York, NY 10017
T 212·312·3000
T 800·352·0001

Endorsement

To Financial Guaranty Insurance Company Insurance Policy

Policy Number: **Control Number:** 0010001

Notwithstanding the terms and provisions contained in this Policy, it is further understood that the term "Bondholder" shall not include the ___________ [Conduit Obligor] (as such term is defined in the bond documentation).

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

Frank Bivona

President

Effective Date: **Authorized Representative**

Acknowledged as of the Effective Date written above:

Authorized Officer
U.S. Bank Trust National Association, as Fiscal Agent

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APPENDIX G

BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the 2004 Bonds (the "Bonds"), payment of principal, interest and other payments on the 2004 Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the 2004 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the 2004 Bonds (the "Issuer") nor the trustee or fiscal agent appointed with respect to the 2004 Bonds (the "Trustee") take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the 2004 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2004 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2004 Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC and its Participants. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2004 Bonds. The 2004 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each maturity of the 2004 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (respectively, "NSCC", "GSCC", "MBSCC", and "EMCC", also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Book-Entry Only System. Purchases of the 2004 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2004 Bonds on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2004 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2004 Bonds, except in the event that use of the book-entry system for the 2004 Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 2004 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2004 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2004 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2004 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of the 2004 Bonds may wish to ascertain that the nominee holding the 2004 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2004 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2004 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2004 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest evidenced by the 2004 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Issuer or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest evidenced by the 2004 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2004 Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

Discontinuance of DTC Services. In the event that (a) DTC determines not to continue to act as securities depository for the 2004 Bonds, or (b) the Issuer determines that DTC will no longer so act and delivers a written certificate to the Trustee to that effect, then the Issuer will discontinue the Book-Entry Only System with DTC for the 2004 Bonds. If the Issuer determines to replace DTC with another qualified securities depository, the Issuer will prepare or direct the preparation of a new single separate, fully registered Bond for each maturity of the 2004 Bonds registered in the name of such successor or substitute securities depository as are not inconsistent with the terms of the indenture or fiscal agent agreement executed in connection with the 2004 Bonds. If the Issuer fails to identify another qualified securities depository to replace the incumbent securities depository for the 2004 Bonds, then the 2004 Bonds will no longer be restricted to being registered in the 2004 Bond registration books in the name of the incumbent securities depository or its nominee, but will be registered in whatever name or names the incumbent securities depository or its nominee transferring or exchanging the 2004 Bonds designates.

If the Book-Entry Only System is discontinued, the following provisions would also apply: (i) the 2004 Bonds will be made available in physical form, (ii) principal of, and redemption premiums, if any, on, the 2004 Bonds will be payable upon surrender thereof at the corporate trust office of the Trustee, (iii) interest on the 2004 Bonds will be payable by check mailed by first-class mail or, upon the written request of any Owner of $1,000,000 or more in aggregate principal amount of Bonds received by the Trustee on or prior to the 15th day of the calendar month immediately preceding the interest payment date, by wire transfer in immediately available funds to an account with a financial institution within the continental United States of America designated by such Owner, and (iv) the 2004 Bonds will be transferable and exchangeable as provided in the indenture or fiscal agent agreement executed in connection with the 2004 Bonds.

APPENDIX H

FISCAL CONSULTANT REPORT

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Redevelopment Agency
of the City of Riverside
Multiple Redevelopment
Project Areas

Fiscal Consultant Report

November 2, 2004

Prepared By:

DHA Consulting
3621 California Avenue
Long Beach, CA 90807

Redevelopment Agency of the City of Riverside Multiple Redevelopment Project Areas Fiscal Consultant Report

Section A - Introduction

The Redevelopment Agency of the City of Riverside is proposing to issue tax allocation bonds to be secured by certain tax increment revenues from several of its redevelopment project areas. The financing is to be secured by so-called Housing Revenues from the following Redevelopment Project Areas: Merged Downtown/Airport; Merged University Corridor/Sycamore Canyon; Arlington; and Magnolia Center, together "the Projects" or "Project Areas". Housing Revenues are that portion of tax increment revenues which are legally required to be used for low and moderate income housing purposes, as discussed in more detail below. In connection with the proposed financing, the Agency has retained DHA Consulting to conduct a review of assessed values and prepare a projection of future tax increment revenues for the Project Area. This report summarizes the findings of that review.

The California Community Redevelopment Law ("CRL") provides for the creation of a redevelopment agency for the purpose of eliminating blight. To achieve this purpose, the CRL, along with Article 16, Section 16 of the California Constitution, authorized the Agency to receive that portion of property tax revenue generated from the increase of the current year project taxable values over the taxable values that existed at the time of the Project Area's adoption. This portion of property tax revenue is referred to as tax increment revenue. An amount equal to 20 percent of all tax increment revenue annually generated by a redevelopment project area must be used for low and moderate income housing purposes. The CRL provides that tax increment revenues, including Housing Revenues, may be pledged by the Agency for the repayment of Project Area indebtedness. Because of the requirements of the CRL and certain prior actions of the Agency, the Housing Revenues from one redevelopment project area can support housing expenditures, including the payment of debt service, in another project area.

This Fiscal Consultant Report will present an examination of valuations and tax receipts and a projection of future tax increment revenues for the Project Areas. The projections are based on assumptions determined by a review of the taxable value history of the Project Areas; current new development activities; and the property tax assessment and property tax apportionment procedures of Riverside County ("County").

This report is organized into the following sections:

A. Introduction
B. The Project Areas
C. Historical Taxable Values
D. Assessment Appeals
E. Tax Allocation and Disbursement
F. Tax Increment Projections
G. Agency Obligations.
H. Other Issues

Section B – The Project Areas

As stated above, this Report covers the following Project Areas: Merged Downtown/Airport; Merged University Corridor/Sycamore Canyon; Arlington and Magnolia Center. The Merged Downtown/Airport Project Area consists of two previously separate redevelopment project areas, the Riverside Mall and White Park Redevelopment Project (the "Downtown Project Area") and the Airport Industrial Redevelopment Project (the "Airport Project Area"). The two Project Areas were merged in 1990 under allowable provisions of the CRL (Section 33486 et.seq.) In 1998, the Agency added territory to the Project Area now known as University Corridor (the "University Corridor Project Area") and the Sycamore Canyon Project Area (the "Sycamore Canyon Project Area") and then merged them to form the University Corridor/Sycamore Canyon Redevelopment Project Area. (The University Corridor Project Area was formerly known as Central Industrial.) The other two Project Areas involved in the proposed financing, Arlington and Magnolia Center, are individual Project Areas and are not part of any merged project.

With the exception of Magnolia Center which was adopted in 1998 as a single area, territory was added to all of the Project Areas over time. As a result, each Project has a number of added areas or subareas. This Report may make reference to one or more of the various subareas based on the reporting categories used by the County. A summary of the references used in this Report is as follows:

Report Reference	Description
Merged Downtown/Airport	**Project Area with all subareas**
• Downtown Original	• 1971 adoption and area added in 1972
• Downtown 1975 Annex	• Area added in 1974 and 1975
• Downtown 1985 Annex	• Area added in 1984
• Airport Original	• 1976 adoption of the Airport Project
• Airport 1980 Annex	• Area added in 1980
• Airport 1985 Annex	• Area added in 1984
Merged UV/Sycamore Canyon	**Project Area with all subareas**
• University Corridor Original	• 1977 adoption of University Corridor
• University Corridor 1985 Annex	• Area added in 1984
• University Corridor 1998 Annex	• Area added in 1997
• Sycamore Canyon Original	• 1983 adoption of Sycamore Canyon
• Sycamore Canyon 1998 Annex	• Area added in 1997
Arlington Project	**Project Area with all subareas**
• Arlington Original	• 1978 adoption of Arlington Project
• Arlington 1999 Annex	• Area added in 1999
• Arlington 2003 A-D Annex	• Area added in 2003 without restrictions
• Arlington 2003 E & F Annex	• Area added (Auto Center) in 2003
Magnolia Center	**Project Area**
• No subareas	

It should be noted that in the Downtown/Airport Project Area, the Riverside County Assessor only reports data on a segregated basis with respect to the Downtown Original Area, the 1975 Annex and the 1985 Annex; it does not separately report data with respect to the 1972 Annex or the 1974 Annex.

Plan Limitations

Redevelopment Plans are required to contain certain time and revenue limits. The current time limits for each of the applicable components of the Project Areas are as shown in the enclosed Table 1.

Legislation enacted in 2003, SB 1045, allows redevelopment agencies that make certain required payments to the state to extend by one year both the term of the redevelopment plan and the length of time for which it is eligible to receive tax increment. As a result, the Agency is eligible to extend the deadlines shown in Table 1 for its plan term and receipt of tax increment revenue by one year, but had not done so as of October 18, 2004.

Assessed Value by *Land Use*

In aggregate, the Project Areas consists of approximately 6,154 acres in various locations around the City of Riverside. Major uses include commercial, residential and industrial land uses. Many of the industrial uses in the Project Areas represent heavy industrial uses with significant levels of taxable equipment and personal property. A summary of the distribution of the assessed value among the various types of land uses for each Project Area is included as Tables 2.1 to 2.2.

Major Taxpayers

The Major Taxpayers in each Project Area are summarized on Tables 3.1 to 3.2. Each Project Area has different types of major taxpayers and different concentration levels. The following table summarizes the relative concentration for each Project Area.

Multiple Project Areas
Major Taxpayer Summary

Project Area	Total Value of Top 10 Taxpayers	Total Project Value	% of Total
Merged Downtown/Airport	302,417,214	923,656,678	32.74%
Merged UV/Sycamore	317,870,125	622,309,002	51.08%
Arlington	121,851,669	607,999,546	20.04%
Magnolia Center	100,077,678	399,561,399	25.05%
TOTAL	**842,216,686**	**2,553,526,625**	**32.98%**

Source: Riverside County Assessor's Office

Five of the larger assesses existing in any of the Project Areas are shown below.

Multiple Project Areas
Key Major Taxpayers

Assessee	Project Area (1)	Value
State Street Bank/Ralph's Grocery	Sycamore	130,873,825
Bottling Group	Sycamore	47,480,417
Bryan Richter H. Et. Al	University Corridor	37,642,911
Riverside Healthcare System (1)	Downtown	48,692,703
Rohr Inc./B. F. Goodrich	Airport	49,989,362

(1) The values shown represent the value for each assessee as it exists within the indicated Project Area. Value attributable to these same assessees may exist in the other Project Areas, but that value, if any, would not appear above.

Of the five largest assessees in any of the Project Areas, three are in the Merged University Corridor/Sycamore Canyon Project Area and two are in the Merged Downtown/Airport Project Area. The two that are in the Sycamore Canyon Project Area are heavy industrial uses: State Street Bank facility is a food processing and distribution facility for Ralph's Grocery Stores; and the Bottling Group is a bottling facility for Pepsi Cola. Both assessments have been increasing in recent years as the on-site business processes expand. In addition, both assessments are under appeal.

The two largest assessees in the Merged Downtown/Airport Project are Riverside Healthcare System in the Downtown Project at $48.6 million and the Rohr property (BF Goodrich) in the Airport Project at $49.9 million.

Riverside Healthcare is a hospital facility that was tax exempt in years prior to 1999, when the property transferred ownership. The 2005-06 value for the facility is expected to be $51 million higher than the amount shown above. The County processed several parcel changes for the facility and erroneously enrolled several parcels with land and improvement values of only $1.00. In 2003-04, the land and improvement value for those parcels was $50.2 million. The assessor's office reports that a correction is being processed, and that the 2005-06 value should equal the 2003-04 value increased by the inflation rate.

The Rohr property is an aerospace manufacturing facility located in the Airport 1985 Annex. The value for the Rohr property dropped significantly since 2002, as discussed in more detail below under Section C, "Project Area Value Trends" of this Report.

Section C – Taxable Values and Historical Revenues

Taxable Values

Real property consists of land and improvements and can either appear on the secured or the unsecured roll. The secured roll includes property on which the property tax levied becomes a lien on the property to secure the payment of taxes. Unsecured property does not become a lien on such property, but may become a lien on other property of the taxpayer.

Locally assessed real property is subject to the provisions of Article XIII A of the California Constitution, commonly referred to as Proposition 13. Under Proposition 13, property is valued based either on its value in 1975-76 or, if newly constructed or sold after this date, then on the full cash value of the property at that time. Property values may only increase annually by an inflation factor of up to 2 percent annually. The Proposition 13 value of property is sometimes referred to as the factored base year value. Pursuant to Section 51 (b) of the Revenue and Taxation Code, assessors must enroll the lesser of the market value or the factored base year value of property.

Personal property values can be classified as either secured or unsecured property. Personal property is not subject to the provisions of Proposition 13. Such property is annually appraised at the full cash value of the property.

State-assessed property is also not subject to the provisions of Proposition 13. State-assessed property is categorized as secured and is either unitary or non-unitary property. Since 1987-88, the value of unitary property has been reported on a county-wide basis, with unitary revenues allocated to taxing entities and redevelopment projects pursuant to a formula contained in AB 454. State-assessed non-unitary values and railroad values are reported at the local situs level.

Project Area Value Trends

The values reported by the County for the Project Areas in each of the last 5 years are summarized in Table 4 below. Additional details concerning taxable values for each Project are included on Tables 4.1 through 4.4. Project Area values are reported by the County in August and then are generally updated in October each year.

Table 4
Historical Taxable Values
Multiple Project Areas
000's omitted

Project Area	2000-01	2001-02	2002-03	2003-04	2004-05
Downtown (1)	482,311	498,559	516,705	522,241	521,651
Airport (1)	392,499	422,183	442,516	408,647	402,005
University Corridor (2)	252,773	283,200	318,065	336,227	367,343
Sycamore Canyon (2)	167,636	172,396	195,160	231,100	254,966
Arlington	319,723	356,505	373,877	410,222	608,000
Magnolia Center	341,246	357,255	368,889	371,358	399,561
TOTAL VALUE	**1,956,187**	**2,090,098**	**2,215,212**	**2,279,795**	**2,553,527**
% Change	24.47%	6.85%	5.99%	2.92%	12.01%

(1) Portion of the Merged Downtown/Airport Project Area.
(2) Portion of the Merged University Corridor/Sycamore Canyon Project Area.

In general, assessed values for the Project Areas have increased over the last five years. A brief discussion of the valuation trends in each Project Area is included below.

Merged Downtown/Airport: While assessed values generally went up, the values reported for the Airport Industrial Project Area, a component of the Merged Project, decreased in 2003-04 by $33.9 million and in 2004-05 by an additional $6.6 million. The primary reasons for the decrease in value include assessed value reductions for two major taxpayers, Rohr and Metal Container Corporation. The value for these two facilities decreased from $75.9 million and $48.2 million, respectively, in 2002-03 to $49.9 million and $35.1 million in 2004-05. In addition, the Toro Company, a major industrial use in the Merged Project relocated its manufacturing operation to Texas and Mexico in December 2001. While the Toro Company reportedly maintains the property after having converted the facility from manufacturing to office uses, the loss of the manufacturing resulted in a value decline in the fixture and personal property value portion of the assessment, resulting in a total value decline from about $44.4 million in 2002-03 to about $15.6 million in 2004-05. The assessed values reported for these taxpayers over the last three years are summarized below.

Merged Downtown/Airport Project
Larger Taxpayers with Declines in Value

Assessee Name	2002-03	2003-04	2004-05
Rohr Inc./B. F. Goodrich	75,964,751	57,501,724	49,989,362
Metal Container Corp	48,208,995	41,423,449	35,133,756
Toro Company (Cy Rv)	44,414,212	20,129,019	16,421,479

In addition to valuation reductions from prior years, the 2004-05 reported values for both components of the Merged Project are known to contain certain valuation misstatements. In the Airport Project Area, the 2004-05 value appears to be overstated by $17.2 million. The $17.2 in value is for Harvest Christian Fellowship, a church and related facilities, which has been included by the County as taxable property. It is believed that at least of majority of the property would qualify for an exemption from property taxation. County representatives report that for unknown reasons, the assessee has not filed the necessary paperwork to qualify for a tax exemption and has not responded to inquiries from the Assessor's Office.

Conversely, 2004-05 values for the Downtown Project appear to be understated by about $50 million. The value for a major taxpayer, Riverside Healthcare is understated for 2004-05 as a result of the erroneous processing of parcel changes. The land and improvement value for three parcels were included as $1.00, when the prior year value totaled $50.2 million. According to representatives of the Riverside County Assessor's Office, a correction will be processed shortly in an amount which should be at least as high as the 2003-04 value escalated by the inflationary factor.

Both of these apparent errors are assumed corrected and are reflected in the estimated 2005-06 value for the Project Area.

Merged University Corridor/Sycamore Canyon: The value for the Merged Project has been increasing significantly in recent years, primarily because of the location of additional industrial users in the Sycamore Canyon Project Area. In addition, value has increased in University Corridor Project because of a $37 million new student housing project (Bryan H. "Richter) and University Village. University Village is a mixed use project in the University Corridor Project with which the Agency has been heavily involved. Construction has stalled on the later phases of this project, which are currently standing partially completed. The Agency has recently taken action on the property and expects that construction will soon restart.

Arlington: The reported by the County for the Arlington Project Area increased from 2003-04 levels by about $200 million in 2004-05. The majority of that increase, $163.5 million, is the result of adding the 2004-05 value for the 2003 Annex to the Project Area totals. The balance of the increase is the result of a number of property transfers and new construction, primarily residential in nature.

Magnolia Center: The 2004-05 value for Magnolia Center reflects an increase over 2003-04 levels, primarily as the result of a number of more minor property transfers and property improvement projects. As expected, the 2004-05 value does not include much in the way of additions from the construction that is currently ongoing at Riverside Plaza. Riverside Plaza was an aging indoor mall which was recently demolished to make way for new retail space, portions of which are currently under construction.

Section D – Assessment Appeals

Taxpayers may appeal their property tax assessments. Depending on the outcome of the appeal, taxes paid in the current year may be either higher or lower than the initial assessment. (An appeal which results in a lower valuation is referred to in this Report as a successful appeal.) When an appeal is successfully resolved after the disputed taxes have already been paid, a refund with interest is subsequently issued to the taxpayer by the county. Because assessment appeals can have an impact on the taxable values and tax increment revenues of a redevelopment project area, a review of appeal activity was conducted. A summary of the findings from that review is included below.

Appeals have routinely been filed by a number of major taxpayers in the Project Areas on a regular basis. In the Merged Project Areas, which include the sites of a number of major industrial uses, it is not uncommon for the total value being contested through the appeals process to range from $200 to $300 million. Reductions of 20 to 35 percent of value have occurred from time to time, in part from appeals and in part, at least with major industrial uses, from the removal and/or depreciation of fixtures, equipment and personal property. More commonly, however, overall reductions reported by the County from all appeals filed in a given year have ranged from 5 to 10 percent of total appeal value. Values for appeals filed within Magnolia Center or Arlington are much smaller, ranging in value from $600,000 to $31 million.

Tables 5.1 through 5.4 present a summary of the appeal information that is projected to potentially impact future assessed values in each Project Area. Included in the appeals summaries are appeals which have already been resolved, but are projected to impact current or future values, and currently outstanding appeals which may have an impact on future values. Reductions to reported 2004-05 values can occur as a result of the resolution of prior year appeals. As a result, it can be assumed that currently outstanding appeals will impact future values and revenues for the Project Areas. For the purposes of projecting future tax increment revenues, it has been estimated that currently outstanding appeals will proportionately reduce taxable values in 2004-05 and thereafter. It has been assumed that the resolution of the outstanding appeals will result in a 15 percent assessed value reduction, on average, for the Merged Downtown/Airport Project and 10 percent for the other Project Areas: Merged University Corridor/Sycamore Canyon; Arlington; and Magnolia Center. The incorporation of these assumptions results in projected assessed value losses as follows:

All Project Areas
Summary of Estimated Appeal Impact

Project Area	No. of Appeals	Total Contested Value	Estimated Resolved Value (1)	Projected Impact on Future Value	Percent Change
Merged DT/Airport (1)	23	140,193,793	119,164,724	(21,029,069)	-15.0%
Merged UV/Sycamore	16	191,840,004	172,656,004	(19,184,000)	-10.0%
Arlington	16	49,969,402	44,972,462	(4,996,940)	-10.0%
Magnolia Center	13	8,735,577	7,862,019	(873,558)	-10.0%
TOTAL APPEALS	68	**390,738,776**	**344,655,209**	**(46,083,567)**	**-12%**

(1) All appeals which are estimated to impact future assessed value are pending appeals with the exception of one resolved appeal for $2.2 million in the Merged Downtown/Airport Project Area.

As shown above, the percentage reduction assumed for the Merged Downtown/Airport Project Area is higher than the reduction assumed for other Project Areas. This is because the historical appeal activity for this Project Area has resulted in some significant reductions and assessed value declines. As discussed above, the value for three major taxpayers has been reduced significantly in the last three years, both through the appeals process and otherwise. See the above section entitled "Project Area Value Trends" for additional discussion of the assessed value changes in the Merged Downtown/Airport Project Area.

Because of Riverside County's allocation methodology, tax refunds should not impact the Agency regardless of how the outstanding appeals are resolved. Estimates for tax refunds have therefore not been assumed herein. See "Property Tax Allocation Procedures under Section E below for additional information on Riverside County's allocation procedures.

Section E – Tax Allocation and Disbursement

Tax Rates

Tax increment revenues included in this analysis are computed based upon incremental assessed value of the Project Area multiplied by a 1.0 percent tax rate. Actual taxes allocated by the County to the Project, however, are based on a tax rate that is in excess of 1.0 percent. The tax rate utilized by the County consists of the general tax levy of $1.00 per $100 of assessed value and the override tax rate which represents the debt service levy where indebtedness has been authorized by voter approval. An amendment to the

Constitution prohibits redevelopment agencies from receiving taxes generated by override tax rates which were approved by the voters after December 31, 1988.

Override tax rates typically decline each year for two reasons: 1) increasing property values reduce the override rate needed to be levied by the taxing entities to meet debt service; and 2) voter approved debt is eventually retired over time.

For the 2004-05 fiscal year, tax increment revenues allocated to the Project Areas are based on a single tax rate: 1.0058 percent. The table below shows the components of the applicable override rate, excluding any rates associated with indebtedness approved by the voters in 1989 or thereafter.

Taxing Entity	2004-05 Rate
Metropolitan Water District	0.00580 %
General	1.00000 %
Total Tax Rate	**1.00580 %**

As mentioned above, tax increment revenue projections included herein are calculated without the inclusion of any override rates, i.e., the revenue projections are based on a 1.0 percent tax rate.

Property Tax Allocation Procedures

The method by which a county allocates property taxes and tax increment revenues can have a significant impact on the receipt of such revenues. A description of some of Riverside County's procedures is included below.

Riverside County computes preliminary incremental assessed values for redevelopment project areas by property category early in each fiscal year. The report is then generated a second time after the equalized values are available.

Tax increment is allocated by the County based on the second calculation. With the exception of supplemental revenues, tax disbursements to redevelopment agencies are not impacted by delinquencies or roll adjustments. The majority of the tax increment revenues received by the Agency are disbursed in two payments by the County: 50% in January and 50% in May. Since 1989, unitary revenues have been disbursed separately, lagging behind tax increment disbursements by fifteen to sixty days. In addition, supplemental revenues are disbursed as collected, on a monthly basis. (Supplemental revenues result from a one time "additional" assessment of property at the time of a change in ownership or completion of construction.)

The County accounts for delinquencies and taxable value changes only on a County-wide basis. Taxing entities are impacted by delinquencies and value changes that occur throughout the County and are only indirectly impacted by changes within their specific jurisdictions. It is the County's current policy to allocate to redevelopment agencies 100 percent of the calculated tax increment due the project area without adjustment for delinquencies, redemption payments or roll adjustments. This policy is set administratively and is therefore subject to change.

A review of the tax receipts for the Project Area since 1998 confirms that the County has been allocating revenues in accordance with their current administrative policy. The result of the policy is that the Project Area is somewhat insulated from the impacts of appeals, tax refunds and taxable value adjustments.

Historical Tax Increment Revenues

As stated above, Riverside County does not adjust allocations of taxes paid to redevelopment agencies for actual tax collections. In order to confirm the implementation of this policy, tax receipts were compared with beginning-of-the-year estimates of tax increment revenues. The results of that comparison are discussed below and summarized on Table 6.

In accordance with their stated policy, the County distributed 100 percent of the tax levy for each Project Area to the Agency. In addition, it also allocated to the Agency supplemental tax revenues. Tax receipts for all of the Project Areas exceeded 100 percent of levy in each year analyzed with one exception. In 2002-03, tax receipts for the Magnolia Center Project Area equaled 96 percent of the estimated tax levy. The reason the Agency received less than the levy amount in this is instance is because of negative supplemental revenues. While supplemental revenues are typically positive, negative supplemental assessments can occur when factors occur after the January 1 tax lien date that result in valuation reductions, such as property demolition or a property transfer for a sales price less than the existing assessed value. For the Magnolia Center Project Area, the negative supplemental assessments in 2002-03 are believed to be related to the demolition which occurred at Riverside Plaza.

Section F – Tax Increment Projections

Tax increment revenues are calculated by first subtracting the base year value of a project area from the current year taxable value in order to determine the incremental taxable value. Applicable tax rates are then applied to the incremental taxable value in order to determine tax increment revenues.

Unitary revenues are allocated by the County based on a formula, as specified by AB 454. The amount of unitary revenue each Project Area is entitled to receive varies from Project Area to Project Area. A summary of the amount of unitary revenue received by each area is shown below.

Multiple Project Areas
Estimated Unitary Revenue - 2004-05

Project Area	**Estimated 2004-05 Unitary**
Merged Downtown/Airport:	
Downtown	294,81
Airport	32,73
Merged UV/Sycamore:	
University Corridor	19,118
Sycamore Canyon	7,238
Arlington	3,244
Magnolia Center	98
TOTAL (Memo Only)	**357,252**

The Agency also routinely receives supplemental property taxes for the Project Area. Due to the difficulty of estimating supplemental revenues, such revenues have not been included in the enclosed revenue projections. Supplemental property taxes typically increase the amount of tax increment revenue actually received, although negative supplemental assessments can occur, as they did in the Magnolia Center Project Area in 2002-03.

Housing Set-Aside

Redevelopment agencies are required to deposit not less than 20 percent of the tax increment generated in a project area into a special fund to be used for qualified low- and moderate-income housing programs. The proposed financing for which this Report was prepared involves the pledge of these revenues, referred to as the Housing Set-Aside or Housing Revenue. The CRL permits the Housing Set-Aside from one Project Area to be used in another Project Area thus allowing for an aggregate pledge of the Housing Set-Aside from several different Redevelopment Project Areas.

Current and Projected Revenues

Current year (2004-05) assessed values and current year projections of gross tax increment and housing set-aside revenues are summarized by Project Area on Table 7. The 2004-05 estimates of revenues are based on current year information, as reported by Riverside County. The only exception is the use of an artificially low 1.0 percent tax rate. The actual 2004-05 tax rate for all of the Project Areas is 1.0058 percent.

The estimates of future housing set-aside revenues are summarized in Table 8 for all Project Areas and detailed by Project Area in Tables 8.1 to 8.4. Unitary revenue and other property are assumed to remain at their 2004-05 levels for 2005-06 and thereafter. The other categories of assessed values reported for 2004-05 are assumed to change in future fiscal years. Elements which are projected to modify future assessed values and/or revenues are as follows:

Impacts to Future Values	Assumption
Positive Impacts	
Trended Taxable Value	Proposition 13 Inflationary Trend
Taxable Value Adjustment Riverside Healthcare	2003-04 Missing Value Added in 2005-06
New Development	Developments Completed or Under Construction
Negative Impacts	
Appeals	10 - 15 percent reduction
Taxable Value Adjustment Harvest Christian Fellowship	2004-05 Value Becomes Tax Exempt in 2005-06
Taxable Value Deduction Agency Acquisition	Estimate of value which may be deducted from the tax rolls

Trended Taxable Value: In California, real property values (land and improvements) are subject to an annual inflationary increase, as allowed under Proposition 13. The maximum inflation factor that county assessors can use to increase assessed values is two percent. Since Proposition 13 was enacted, the inflation factor has equaled the 2.0 percent maximum in most, but not all fiscal years. Since 1990, the inflation factor has been under 2.0 percent for four fiscal years: 1.19 percent for 1995-96, 1.10% for 1996-97; 1.85 percent for 1998-99; and 1.87 percent for 2004-05.

The future year revenue estimates (Table 8) are based on the assumption of a 2.0 percent factor in 2005-06 and thereafter. Should the inflation factor in future fiscal years be less than the 2.0 percent assumed, or the County Assessor not apply the inflation factor to property in the Project Areas, tax increment could be lower than that shown on Table 8 in future fiscal years.

Taxable Value Adjustments: Two irregularities were noted in the 2004-05 taxable values, which have been assumed to be corrected in 2004-05. Because of the way in which Riverside County allocates taxes, the Agency will receive the amount of revenue shown in Table 7 regardless of the amount of any corrections which may be processed later this year. The first irregularity is related to Riverside Healthcare. The value reported by the County for that facility decreased significantly in 2004-05 as the result of a parcel change processing error. The Assessor's office reports that a correction will be made and should be processed in the next few months.

The second irregularity relates to the value for a church campus, the Harvest Christian Fellowship, located in the Airport Project Area. The $17 million value for the assessment is categorized as taxable because the assessee has not filed for an exemption for unknown reasons. It is believed that the majority, if not all of the assessment would qualify for a tax exemption as a religious organization. (Churches and other religious/welfare organizations must file for an exemption from property taxation.) While it is possible that the assessee continues to pay taxes and not file for an exemption, for the purpose of this analysis it is assumed that the property becomes 100 percent tax exempt in 2005-06.

Agency Acquisitions: Currently the Agency is in the process of acquiring several sites for permanent public use. Specifically, the Agency is acquiring property that is currently taxable, thereby converting it to tax exempt for: the sites for the School of the Arts; UCR Culver Center; and public parking at 9^{th} and Orange Streets. An estimate of the value for these properties has been deducted from estimated revenues for 2005-06 and thereafter.

New Development: Future year tax increment revenue estimates have been increased for new developments that have been recently completed or that are currently under construction. Development activity was obtained from Agency staff and confirmed through site visits and/or secondary sources. Amounts estimated as added are summarized on Tables 9.1 through 9.4.

Appeals: Assumptions regarding the resolution of appeals that are utilized in the enclosed projections are as shown in Tables 5.1 through 5.4 and presented in the above "Assessment Appeals" section. Valuation reductions resulting from the resolution of appeals are assumed to occur in 2005-06. Refunds related to the resolution of these appeals have not been incorporated into the revenue projections as the County's practice for the allocation of those refunds holds redevelopment agencies harmless.

Plan Limitations: The individual subareas of the redevelopment project areas are each entitled to receive tax increment revenues for different time durations. The tax increment projections included in this Report are based on the assumption that revenues will cease to be received by the Agency for a given subarea after the applicable tax increment receipt deadline passes. The deadline for the receipt of tax increment revenues for each subarea is outlined in Table 1.

In general, the County reports and allocates revenues separately for each subarea. In the Downtown/Airport Project Area, however, the Riverside County Assessor only reports data on a segregated basis with respect to the Downtown Original Area, the 1975 Annex and the 1985 Annex; it does not separately report data with respect to the 1972 Annex or the 1974 Annex. If the County is including property and increment related to the 1972 Annex and the 1974 Annex in the Original Area, then the projections of future tax increment overstate the pace at which Agency will stop receiving tax increment revenues in the Downtown/Airport Redevelopment Project by up to 3 years. However, if the County is including property and increment related to the 1972 Annex or the 1974 Annex in the 1975 Third Amendment Area, then the projections of future tax increment understate the pace at which the Agency could stop receiving tax increment revenues in the Downtown/Airport Redevelopment Project. In order for the timing of the Agency's receipt of tax increment revenue to be adjusted from that assumed in the projection, however, the County would need to recalculate base year values which were prepared and reported over 30 years ago.

Section G – Agency Obligations

The revenue projections contained in the enclosed tables include a calculation of the gross Housing Set- Aside. Deductions to account for prior liens on these funds have not been included in this analysis.

Section H – Other Issues

Special Redevelopment Plan Provisions

The 2003 Amendment Area was adopted with certain restrictions as to where the tax increment revenues are spent. The 2003 Amendment Area is bifurcated into two separate areas: the Primary Area and Auto Center Area. According to the 2003 Redevelopment Plan, tax Increment revenues generated by each of these subareas are to be accounted for separately. Taxes generated by the Auto Center subarea are to be spent only in the Auto Center subarea, at least for the first 15 years. Conversely, taxes generated by the Existing Project Area and that portion of the 2003 Amendment that does not include the Auto Center cannot be spent in the Auto Center subarea, at least for the first 15 years. After 15 years, somewhat lessened restrictions come into effect. These restrictions are believed to not apply to the legislatively mandated housing set-aside revenues and have therefore not been deducted from the revenue estimates included herein.

Current Legislative Requirements

Due to shortfalls in the state budget, from time to time the state has required that redevelopment agencies pay a certain portion of tax increment revenues into a state fund for schools, known as the Educational Revenue Augmentation Fund (ERAF). The required redevelopment payments offset the need for a similar amount of state aid to education. The Agency has been required to make ERAF contributions in the following fiscal years: 1993-94; 1994-95; 2002-03; 2003-04; 2004-05; 2005-06. To date, all of the ERAF legislation has prohibited redevelopment agencies from using low and moderate income housing revenue.

Caveats

The value and revenue estimates contained in this Report are based upon information, data and assumptions believed to be reasonable and accurate. The assessment practices and county allocation procedures discussed in this Report are based on information provided by representatives of Riverside County. Assessment practices and allocation procedures are set, in part, administratively and can be changed. Nothing came to the fiscal consultant's attention during this review to indicate that any changes are imminent. To a certain extent, the estimates of revenue are based on assumptions that are subject to a degree of uncertainty and variation and therefore are not represented as results that will actually be achieved. The analyses presented herein, however, have been conscientiously prepared on the basis of the fiscal consultant's experience in the field of financial analysis for redevelopment agencies.

Table 1
Redevelopment Agency of the City of Riverside
Summary of Key Redevelopment Plan Limitations
Multiple Project Areas

PROJECT/AMENDMENT	ORD. #	DATE ADOPTED	INCUR DEBT	PLAN TERM	RECEIVE TAX INCR.	TAX INCR. LIMIT	BONDED DEBT LIMIT
MERGED DT/AIRPORT							
Downtown							
Original Area	3872	11/16/71	11/16/2011	11/16/2011	11/16/2021		
1972 Annex (1)	3980	12/19/72	12/19/2012	12/19/2012	12/19/2022		
1974 Annex (1)	4108	05/07/74	1/1/2014	5/7/2014	5/7/2024		
1975 Annex	4246	11/18/75	1/1/2014	11/18/2015	11/18/2025		
1985 Annex	5238	11/27/84	11/27/2014	11/27/2024	11/27/2034	Combined	Combined
Airport						621,000,000	149,000,000
Original Area	4355	12/01/76	1/1/2014	10/22/2016	10/22/2026		
1980 Annex	4800	06/10/80	1/1/2014	11/27/2019	6/10/1930		
1985 Annex	5240	11/27/84	11/27/2014	11/27/2019	11/27/1934		
MERGED UV/Sycamore Canyon							
University Corridor (Central Industrial)							
Original Area	4471	10/25/77	1/1/2014	10/25/2017	10/25/2027		
1985 Annex	5239	11/27/84	11/27/2014	11/27/2024	11/27/2034		
1985 Annex	6099	12/20/94	-	-	-		
1998 Annex	6382	07/08/97	7/8/2017	7/8/2027	7/8/2042	Combined	Combined
Sycamore Canyon						619,000,000	187,000,000
Original Area	5148	12/20/83	1/1/2014	12/20/2023	12/20/2033		
1998 Annex	6383	07/08/97	7/8/2017	7/8/2027	7/8/2042		
ARLINGTON PROJECT							
Original Area	4619	11/28/1978	1/1/2014	11/28/2018	11/28/2028	50,000,000	Comb. w/2nd
1999 Annex	6466	4/13/1999	4/13/2019	4/13/2029	4/13/2044	None	75,000,000
2003 Annex	6685	6/24/2003	6/24/2023	6/24/2033	6/24/2048	None	50,000,000
MAGNOLIA CENTER							
Original Area	6441	7/14/1998	7/14/2018	7/14/2028	7/14/2043	None	55,000,000

(1) The tax increment revenues for these subareas are not separately identified or allocated by the County and have therefore not been separately identified in this Report.

Table 2
City of Riverside Redevelopment Agency
Land Use Category Summary

Multiple Redevelopment Project Areas

Category of Value	Merged Downtown Airport	Merged UV/Sycamore Canyon	Arlington Project	Magnolia Center	---------- Memo Only --------- Total Value	Percentage
Residential	137,897,926	106,996,464	171,936,342	46,881,608	463,712,340	18.16%
Commercial	263,920,748	170,162,598	255,452,610	244,288,517	933,824,473	36.57%
Industrial	280,121,756	221,221,168	35,991,159	7,098,430	544,432,513	21.32%
Recreational	1,622,409	2,026,000	4,200,000	3,550,671	11,399,080	0.45%
Institutional	53,706,711	499,245	25,330,616	32,025,970	111,562,542	4.37%
Vacant Land	37,599,299	35,083,233	33,916,386	6,837,722	113,436,640	4.44%
SBE	1,608,459	2,844,610	553,964	540,458	5,547,491	0.22%
Possessory Interest	19,952,989	518,484	12,741,957	0	33,213,430	1.30%
Unsecured	103,397,359	76,046,481	61,163,788	56,615,485	297,223,113	11.64%
Miscellaneous	868,641	227,200	3,940,291	0	5,036,132	0.20%
Unknown	22,960,381	6,683,519	2,772,433	1,722,538	34,138,871	1.34%
Total	**923,656,678**	**622,309,002**	**607,999,546**	**399,561,399**	**2,553,526,625**	**100.00%**
Approximate Acreage:	**2,360**	**1,890**	**1,273**	**475**	**5,998**	**100%**

Source: Riverside County Assessment Records

Table 2.1
Redevelopment Agency of the City of Riverside
Land Use Category Summary

Merged Downtown/Airport Industrial Project

Category of Value	# of Parcels	2004-05 Value	Percentage
Residential	1,060	137,897,926	14.93%
Commercial	419	263,920,748	28.57%
Industrial	158	280,121,756	30.33%
Recreational	2	1,622,409	0.18%
Institutional	21	53,706,711	5.81%
Vacant Land	360	37,599,299	4.07%
SBE (1)	22	1,608,459	0.17%
Possessory Interest (1)	132	19,952,989	2.16%
Unsecured (1)	1,346	103,397,359	11.19%
Miscellaneous		868,641	0.09%
Unknown	12	22,960,381	2.49%
Total	**2,032**	**923,656,678**	**100.00%**

(1) Indicates the number of assessments in this category but actually represent a duplicate parcel count, and so are not included in the total parcel count.

Merged University Corridor/Sycamore Canyon Project

Category of Value	# of Parcels	2004-05 Value	Percentage
Residential	357	106,996,464	17.19%
Commercial	214	170,162,598	27.34%
Industrial	62	221,221,168	35.55%
Recreational	1	2,026,000	0.33%
Institutional	5	499,245	0.08%
Vacant Land	260	35,083,233	5.64%
SBE (1)	36	2,844,610	0.46%
Possessory Interest (1)	12	518,484	0.08%
Unsecured (1)	382	76,046,481	12.22%
Miscellaneous		227,200	0.04%
Unknown	5	6,683,519	1.07%
Total	**904**	**622,309,002**	**100.00%**

(1) Indicates the number of assessments in this category but actually represent a duplicate parcel count, and so are not included in the total parcel count.

Source: Riverside County Assessment Records

Table 2.2
Redevelopment Agency of the City of Riverside
Land Use Category Summary

Arlington Redevelopment Project Area

Category of Value	# of Parcels	2004-05 Value	Percentage
Residential	1,242	171,936,342	28.28%
Commercial	342	255,452,610	42.02%
Industrial	14	35,991,159	5.92%
Recreational	2	4,200,000	0.69%
Institutional	20	25,330,616	4.17%
Vacant Land	174	33,916,386	5.58%
SBE (1)	10	553,964	0.09%
Possessory Interest (1)	5	12,741,957	2.10%
Unsecured (1)	561	61,163,788	10.06%
Miscellaneous	1	3,940,291	0.65%
Unknown	9	2,772,433	0.46%
Total	**1,804**	**607,999,546**	**100.00%**

(1) Indicates the number of assessments in this category but actually represent a duplicate parcel count, and so are not included in the total parcel count.

Magnolia Center Redevelopment Project Area

Category of Value	# of Parcels	2004-05 Value	Percentage
Residential	301	46,881,608	11.73%
Commercial	384	244,288,517	61.14%
Industrial	2	7,098,430	1.78%
Recreational	3	3,550,671	0.89%
Institutional	39	32,025,970	8.02%
Vacant Land	52	6,837,722	1.71%
SBE (1)	10	540,458	0.14%
Possessory Interest	-	-	0.00%
Unsecured (1)	6	56,615,485	14.17%
Miscellaneous	-	-	0.00%
Unknown	6	1,722,538	0.43%
Total	**787**	**399,561,399**	**100.00%**

(1) Indicates the number of assessments in this category but actually represent a duplicate parcel count, and so are not included in the total parcel count.

Source: Riverside County Assessment Records

Table 3.1
Redevelopment Agency of the City of Riverside
Major 2004-05 Taxpayers - Secured and Unsecured

Merged Downtown/Airport Redevelopment Project

No	Assessee Name	Subarea	Use	# of Parcels	2004-05 Total
1	Rohr Inc./B. F. Goodrich	Airport - 1985 Annex	Industrial		49,989,362
2	Riverside Healthcare System (1)	Downtown - 1975 Annex	Hospital	15	48,692,703
3	Press Enterprise	Downtown - 1975 Annex	Industrial	13	37,168,361
4	Metal Container Corp	Airport- Original	Industrial	1	35,133,756
5	Historic Mission Inn Corporation	Downtown - Original	Hotel	2	29,049,158
6	Dow Jones & Co/Realty Corp	Airport - 1980 Annex	Industrial	4	23,813,256
7	California Auto Dealers Exchange	Airport - 1980 Annex	Industrial/Vacant	20	21,640,536
8	CTF4 Mission Square (2)	Downtown - Original	Office	3	21,177,431
9	Vertis Inc.	Airport - 1980 Annex	Unsecured/Industrial	1	18,622,143
10	Riverside Centre Associates (2)	Downtown - Original	Office	1	17,130,508
			TOTAL MAJORS	**60**	**302,417,214**
			% of Total Project Area Value		**32.74%**
			TOTAL PROJECT AREA VALUE		**923,656,678**

Merged University Corridor/Sycamore Canyon Redevelopment Project

No	Assessee Name	Subarea	Use	# of Parcels	2004-05 Total
1	State Street Bank/Ralphs Grocery	Sycamore - Original	Food Distr.Facility	4	130,873,825
2	Bottling Group	Sycamore - Original	Manufacturing/Pepsi	2	47,480,417
3	Bryan H. Richter	UV - 1985 Annex	Residential	3	37,642,911
4	University Village	UV - 1985 Annex	Retail/Residential	9	32,855,078
5	D & N Investment LLC (2)	Sycamore - Original	Commercial - Stores & Vacant	2	15,233,923
6	Space Center Sycamore Canyon	Sycamore - Original	Industrial/Office Park	1	15,155,045
7	YTK Chicago	UV - 1985 Annex	Retail	1	11,391,031
8	Specialy Brands Inc.	UV - Original	Unsecured/Butcher Boy	2	9,781,817
9	Riverside Gateway	UV - Original	Commercial/Office	4	8,823,629
10	Butcher Boy Properties	UV - Original	Food Processing	3	8,632,449
			TOTAL MAJORS (3)	**31**	**317,870,125**
			% of Total Project Area Value		**51.08%**
			TOTAL PROJECT AREA VALUE		**622,309,002**

(1) According to County Assessor representative, the 2004-05 asssed value for tis property is understated by approximately $50.2 million a correctin of this understatement is expected by County representatives within the next few months.
(2) Formerly Kilroy Realty; Parliament Lp; and Thomas Weborg respectively.
(3) Excludes $17.2 million in taxable value for Harvest Christian Fellowship, which is assumed to be treated as tax exempt in 2005-06. See Fiscal Consultant Report for additional details.

Source: Riverside Countyu Assessment Records

Table 3.2
Redevelopment Agency of the City of Riverside
Major 2004-05 Taxpayers - Secured and Unsecured

Arlington Redevelopment Project Area

No	Assessee Name	Subarea	Use	# of Parcels	2004-05 Total
1	Lowes HIW Inc.	1999 Annex	Retail Center	3	17,768,135
2	Fleetwood Enterprises	1999 Annex	Manufacturing	4	14,649,454
3	Wal Mart Real Estate	1999 Annex	Retail Center	3	14,245,288
4	Kienle & Kienle Investment	2003 Auto Center	Commercial Retail	3	13,955,564
5	Riverside Properties	2003 Auto Center	Commercial Retail	2	13,620,855
6	Aanesson Stonewood Apartments	1999 Annex	Residential	1	12,334,374
7	Keyston Education & Youth	1999 Annex	Possessory Interest	1	11,450,046
8	Davidson Enterprises	2003 Auto Center	Commercial Retail	1	9,260,266
9	Food 4 Less of California	1999 Annex	Retail Store	1	7,437,000
10	Garfield Jackson Professional Bldg	2003 Annex	Medical Office	2	7,130,687
			TOTAL MAJORS	**21**	**121,851,669**
			% of Total Project Area Value		**20.04%**
			TOTAL PROJECT AREA VALUE		**607,999,546**

Magnolia Center Redevelopment Project Area

No	Assessee Name	Subarea	Use	# of Parcels	2004-05 Total
1	Magnolia Town Center Associates	N/A	Neighborhood Retail	3	21,735,101
2	Wpi Arcal	N/A	Neighborhood Retail	2	15,483,781
3	Westminster Central	N/A	Retail/Riverside Plaza	2	12,776,080
4	Riverside Clinic Investment IV, Ltd.	N/A	Medical Clinic	10	9,637,953
5	BH Central	N/A	Office/Retail	3	8,797,333
6	Sears Roebuck & Co.	N/A	Department Store	2	8,601,103
7	Central Corporate Center	N/A	Office	1	6,250,000
8	Attic Mini Storage	N/A	Self Storage	1	6,141,518
9	Van Duong	N/A	Formerly Arlington Royale	1	5,878,744
10	Interinsurance Automobile Club	N/A	Office	1	4,776,065
			TOTAL MAJORS	**26**	**100,077,678**
			% of Total Project Area Value		**25.05%**
			TOTAL PROJECT AREA VALUE		**399,561,399**

Source: Riverside County Assessment Records

Table 4.1
Redevelopment Agency of the City of Riverside
Historical Taxable Values

Merged Downtown/Airport hdustrial Project

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
MERGED TOTAL						
Secured	772,000,601	790,006,915	809,956,978	845,810,566	833,539,965	818,650,860
SBE	691,506	662,247	662,247	681,596	1,451,335	1,608,459
Unsecured	85,550,101	84,140,901	110,122,424	112,728,750	95,896,864	103,397,359
TOTAL VALUE	**858,242,208**	**874,810,063**	**920,741,649**	**959,220,912**	**930,888,164**	**923,656,678**
% Change		1.93%	5.25%	4.18%	-2.95%	-0.78%

Total $$ Change	65,414,470
Total % Change	7.62%
Average $$ Change	13,082,894
Average % Change	1.52%

PROJECT DETAIL

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
AIRPORT						
Secured	331,177,437	359,521,463	367,228,158	386,464,456	360,418,605	351,935,174
SBE	395,908	366,649	366,649	385,998	1,057,204	1,214,328
Unsecured	31,911,936	32,611,355	54,588,237	55,665,821	47,171,418	48,855,876
TOTAL VALUE	**363,485,281**	**392,499,467**	**422,183,044**	**442,516,275**	**408,647,227**	**402,005,378**
% Change		7.98%	7.56%	4.82%	-7.65%	-1.63%

Total $$ Change	38,520,097
Total % Change	10.60%
Average $$ Change	7,704,019
Average % Change	2.12%

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
DOWNTOWN						
Secured	440,823,164	430,485,452	442,728,820	459,346,110	473,121,360	466,715,686
SBE	295,598	295,598	295,598	295,598	394,131	394,131
Unsecured	53,638,165	51,529,546	55,534,187	57,062,929	48,725,446	54,541,483
TOTAL VALUE	**494,756,927**	**482,310,596**	**498,558,605**	**516,704,637**	**522,240,937**	**521,651,300**
% Change		-2.52%	3.37%	3.64%	1.07%	-0.11%

Total $$ Change	26,894,373
Total % Change	5.44%
Average $$ Change	5,378,875
Average % Change	1.09%

Source: Riverside County Auditor-Controller

Table 4.2
Redevelopment Agency of the City of Riverside
Historical Taxable Values

Merged University Corridor/Sycamore Canyon Project

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
MERGED TOTAL						
Secured	312,297,974	351,014,709	380,246,995	429,418,145	489,819,599	543,417,911
SBE	3,525,034	3,801,666	3,801,666	3,354,812	2,939,003	2,844,610
Unsecured	58,084,585	65,592,855	71,547,365	80,451,514	74,567,980	76,046,481
TOTAL VALUE	**373,907,593**	**420,409,230**	**455,596,026**	**513,224,471**	**567,326,582**	**622,309,002**
% Change		12.44%	8.37%	12.65%	10.54%	9.69%

Total $$ Change	248,401,409
Total % Change	66.43%
Average $$ Change	49,680,282
Average % Change	13.29%

PROJECT DETAIL

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
UNIVERSITY CORRIDOR						
Secured	178,346,271	201,213,353	227,932,474	261,803,774	285,433,598	318,912,825
SBE	3,525,034	3,801,666	3,801,666	3,354,812	2,939,003	2,844,610
Unsecured	43,690,908	47,758,458	51,465,452	52,906,370	47,854,061	45,585,166
TOTAL VALUE	**225,562,213**	**252,773,477**	**283,199,592**	**318,064,956**	**336,226,662**	**367,342,601**
% Change		12.06%	12.04%	12.31%	5.71%	9.25%

Total $$ Change	141,780,388
Total % Change	62.86%
Average $$ Change	28,356,078
Average % Change	12.57%

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
SYCAMORE CANYON'						
Secured	133,951,703	149,801,356	152,314,521	167,614,371	204,386,001	224,505,086
SBE	-	-	-	-	-	-
Unsecured	14,393,677	17,834,397	20,081,913	27,545,144	26,713,919	30,461,315
TOTAL VALUE	**148,345,380**	**167,635,753**	**172,396,434**	**195,159,515**	**231,099,920**	**254,966,401**
% Change		13.00%	2.84%	13.20%	18.42%	10.33%

Total $$ Change	106,621,021
Total % Change	71.87%
Average $$ Change	21,324,204
Average % Change	14.37%

Source: Riverside County Auditor-Controller

Table 4.3
Redevelopment Agency of the City of Riverside
Historical Taxable Values

hdivdual Projects

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
ARLINGTON (1)						
Secured	11,306,104	291,214,210	325,608,730	337,954,194	373,292,262	546,281,794
SBE	-	520,276	529,811	481,672	436,198	553,964
Unsecured	1,993,841	27,988,156	30,366,581	35,441,009	36,493,826	61,163,788
TOTAL VALUE	**13,299,945**	**319,722,642**	**356,505,122**	**373,876,875**	**410,222,286**	**607,999,546**
% Change		2303.94%	11.50%	4.87%	9.72%	48.21%

Total $$ Change	594,699,601
Total % Change	4471.44%
Average $$ Change	118,939,920
Average % Change	894.29%

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
MAGNOLIA CENTER						
Secured	285,293,734	292,582,486	303,300,283	312,784,206	319,661,175	342,405,456
SBE	604,033	599,115	599,115	575,788	507,521	540,458
Unsecured	40,275,194	48,063,960	53,356,022	55,529,454	51,189,178	56,615,485
TOTAL VALUE	**326,172,961**	**341,245,561**	**357,255,420**	**368,889,448**	**371,357,874**	**399,561,399**
% Change		N/A	4.69%	3.26%	0.67%	7.59%

Total $$ Change	73,388,438
Total % Change	22.50%
Average $$ Change	14,677,688
Average % Change	4.50%

(1) Arlington: Amendments added over $300 million in 2001-02 and an additional $160 million in 2004-05.
Source: Riverside County Auditor-Controller

Table 5.1
City of Riverside Redevelopment Agency
Merged Downtown/Airport Project
Pending Appeals

APPLICANT	Project Subarea	Years Outstanding	No. of Assmts.	Applicants Opinion	Contested Value	Reduction Assumed (1)	Resolved Value	Future Value Change
RESOLVED APPEALS (2)								
The Toro Company 1/08/04	Air/1980	2001 & 2002	1		2,228,588		1,743,480	(485,108)
TOTAL RESOLVED			**1**		**2,228,588**	**-**	**1,743,480**	**(485,108)**
OUTSTANDING APPEALS								
Toro Company	Air/1980	2001 - 2003	1	8,500,000	15,606,468			
Dow Jones	Air/1980	2001 - 2003	4	12,830,281	23,813,256			
Metal Container Corp	Air/Original	2003	1	30,602,857	35,133,756			
Kilroy Realty (CTF4 Mission Sq)	DT/Original	2002	3	16,933,000	21,177,431			
Riverside Healthcare	DT/Original	2003	3	19,000,000	24,015,001			
Miscellaneous	Various	2003	11	11,988,461	20,447,881			
TOTAL OUTSTANDING			**23**	**99,854,599**	**140,193,793**	**15%**	**119,164,724**	**(21,029,069)**
GRAND TOTAL AV REDUCTION			**N/A**	**N/A**	**N/A**	**N/A**	**120,908,204**	**(21,514,177)**
ESTIMATED TAX REFUNDS (3)								**N/A**

(1) For outstanding appeals, the reduction amount shown is estimated. The estimated reduction is based on recent appeal resolution history for the Project Area and other areas in the City of Riverside.
(2) Includes only resolved appeals that are anticipated to negatively impact future assessed values.
(3) Because of the way in which Riverside County allocates taxes to redevelopment agencies, the Agency will not be impacted by any refunds paid to taxpayers because of valuation reductions resulting from appeals.

Source: Riverside County Assessor's Appeal Database

Table 5.2
City of Riverside Redevelopment Agency
University Corridor/Sycamore Canyon Merged Project
Pending Appeals

APPLICANT	Project Subarea	Years Outstanding	No. of Assmts.	Applicants Opinion	Contested Value	Reduction Assumed (1)	Resolved Value	Future Value Change
RESOLVED APPEALS (2)								
None Identified								
TOTAL RESOLVED					-	-	-	-
OUTSTANDING APPEALS								
Pepsi Bottling Group	Syc/Original	2003	1	26,000,000	47,480,417			
Ralph's Grocery Co.	Syc/Original	2001-2004	4	47,000,000	130,873,825			
John E. Degennaro Trust	Syc/Original	2003	1	Not Available	4,177,000			
Miscellaneous	UV/1985	2002 - 2003	10	6,839,943	9,308,762			
TOTAL OUTSTANDING			**16**	**79,839,943**	**191,840,004**	**10%**	**172,656,004**	**(19,184,000)**
GRAND TOTAL AV REDUCTION			**N/A**	**N/A**	**N/A**	**N/A**	**172,656,004**	**(19,184,000)**
ESTIMATED TAX REFUNDS (3)								**N/A**

(1) For outstanding appeals, the reduction amount shown is estimated. The estimated reduction is based on recent appeal resolution history for the Project Area and other areas in the City of Riverside.
(2) Includes only resolved appeals that are anticipated to negatively impact future assessed values.
(3) Because of the way in which Riverside County allocates taxes to redevelopment agencies, the Agency will not be impacted by any refunds paid to taxpayers because of valuation reductions resulting from appeals.

Source: Riverside County Assessor's Appeal Database

Table 5.3
City of Riverside Redevelopment Agency
Arlington Redevelopment Project
Pending Appeals

APPLICANT	Project Subarea	Years Outstanding	No. of Assmts.	Applicants Opinion	Contested Value	Reduction Assumed (1)	Resolved Value	Future Value Change
RESOLVED APPEALS (2)								
None Identified								
TOTAL RESOLVED					-	-	-	-
OUTSTANDING APPEALS								
Keystone Education	Arl 99	2004	1	6,840,000	11,450,046			
Wal Mart Real Estate	Arl 99	2003	3	11,456,217	14,030,890			
Ralph's Grocery	Arl 99	2001	3	5,600,000	11,471,027			
Union Dev Co Inc	Arl 99	2003	1	2,420,000	6,050,000			
Miscellaneous	Arl 99	2001 - 2003	8	3,787,422	6,967,439			
TOTAL OUTSTANDING			**16**	**30,103,639**	**49,969,402**	**10%**	**44,972,462**	**(4,996,940)**
GRAND TOTAL AV REDUCTION			**N/A**	**N/A**	**N/A**	**N/A**	**44,972,462**	**(4,996,940)**
ESTIMATED TAX REFUNDS (3)								**N/A**

(1) For outstanding appeals, the reduction amount shown is estimated. The estimated reduction is based on recent appeal resolution history for the Project Area and other areas in the City of Riverside.
(2) Includes only resolved appeals that are anticipated to negatively impact future assessed values.
(3) Because of the way in which Riverside County allocates taxes to redevelopment agencies, the Agency will not be impacted by any refunds paid to taxpayers because of valuation reductions resulting from appeals.

Source: Riverside County Assessor's Appeal Database

Table 5.4
City of Riverside Redevelopment Agency
Magnolia Center Redevelopment Project
Pending Appeals

APPLICANT	Project Subarea	Years Outstanding	No. of Assmts.	Applicants Opinion	Contested Value	Reduction Assumed (1)	Resolved Value	Future Value Change
RESOLVED APPEALS (2)								
None Identified								
TOTAL RESOLVED					-	-	-	-
OUTSTANDING APPEALS								
Ralphs Grocery Co.	N/A	2001 - 2003	2	970,000	1,998,038			
Vons Grocery Co	N/A	2003	1	349,927	2,032,485			
Miscellaneous	N/A	2002 - 2003	10	3,144,145	4,705,054			
TOTAL OUTSTANDING			**13**	**4,464,072**	**8,735,577**	**10%**	**7,862,019**	**(873,558)**
GRAND TOTAL AV REDUCTION			**N/A**	**N/A**	**N/A**	**N/A**	**7,862,019**	**(873,558)**
ESTIMATED TAX REFUNDS (3)								**N/A**

(1) For outstanding appeals, the reduction amount shown is estimated. The estimated reduction is based on recent appeal resolution history for the Project Area and other areas in the City of Riverside.
(2) Includes only resolved appeals that are anticipated to negatively impact future assessed values.
(3) Because of the way in which Riverside County allocates taxes to redevelopment agencies, the Agency will not be impacted by any refunds paid to taxpayers because of valuation reductions resulting from appeals.

Source: Riverside County Assessor's Appeal Database

Table 6
Redevelopment Agency of the City of Riverside
Multiple Project Areas
Analysis of Actual Tax Receipts

	Merged Downtown/Airport			Merged University Corridor/Sycamore Canyon		
Fiscal Year	Estimated Tax Levy	Actual Tax Receipts	Percentage Received	Estimated Tax Levy	Actual Tax Receipts	Percentage Received
1999-00	7,380,948	7,584,953	103%	2,724,201	3,088,540	113%
2000-01	7,486,894	7,503,006	100%	3,158,043	3,207,480	102%
2001-02	7,951,201	8,073,321	102%	3,509,177	3,669,934	105%
2002-03	8,321,800	8,450,977	102%	4,085,840	4,258,934	104%
2003-04	8,061,200	8,205,315	102%	4,627,726	4,988,480	108%
2004-05	7,941,996	N/A	N/A	5,175,849	N/A	N/A

	Arlington			Magnolia Center		
Fiscal Year	Estimated Tax Levy	Actual Tax Receipts	Percentage Received	Estimated Tax Levy	Actual Tax Receipts	Percentage Received
1999-00	98,793	100,351	102%	148,350	153,683	104%
2000-01	140,553	185,674	132%	300,086	327,636	109%
2001-02	510,831	612,625	120%	461,257	507,139	110%
2002-03	684,914	825,423	121%	578,344	554,551	96%
2003-04	1,051,387	1,175,552	112%	602,965	712,595	118%
2004-05	1,660,798	N/A	N/A	881,345	N/A	N/A

Source: Redevelopment Agency of the City of Riverside and DHA Consulting

Table 7
Redevelopment Agency of the City of Riverside
Multiple Redevelopment Project Areas
2004-05 Assessed Values and Revenues

	---------- Merged ----------		---------- Merged ----------				Memo Only
Description	**Downtown**	**Airport**	**University Corr**	**Sycamore Cyn**	**Arlington**	**Magnolia Ctr**	**Total**
Secured							
Land	129,111,764	87,551,913	95,835,126	52,779,821	206,004,071	140,421,371	711,704,066
Improvements	336,796,474	230,441,568	230,457,118	163,796,098	369,003,167	219,370,490	1,549,864,915
Personal Property	31,322,442	34,880,657	4,399,852	7,929,167	15,892,501	2,706,633	97,131,252
Other Exemptions	(30,514,994)	(938,964)	(11,779,271)	-	(44,617,945)	(20,093,038)	(107,944,212)
Locally Assessed Secured	466,715,686	351,935,174	318,912,825	224,505,086	546,281,794	342,405,456	2,250,756,021
SBE Values	394,131	1,214,328	2,844,610	0	553,964	540,458	5,547,491
Unsecured							
Land	12,059	114,993	26,691	0	383,190	7,628	544,561
Improvements	13,630,408	23,534,264	25,635,938	12,380,407	22,264,880	19,447,076	116,892,973
Personal Property	41,490,963	26,005,661	19,936,071	18,080,908	38,652,146	37,264,292	181,430,041
Other Exemptions	(591,947)	(799,042)	(13,534)	-	(136,428.00)	(103,511.00)	(1,644,462)
Unsecured Total	54,541,483	48,855,876	45,585,166	30,461,315	61,163,788	56,615,485	297,223,113
Total Value	**521,651,300**	**402,005,378**	**367,342,601**	**254,966,401**	**607,999,546**	**399,561,399**	**2,553,526,625**
Less: Base Year Value	75,849,663	86,362,862	93,930,845	13,428,914	442,244,105	311,436,692	**1,023,253,081**
Incremental Value	445,801,637	315,642,516	273,411,756	241,537,487	165,755,441	88,124,707	1,530,273,544
Tax Increment @ 1.0%	4,458,016	3,156,425	2,734,118	2,415,375	1,657,554	881,247	15,302,735
Add: Unitary	294,816	32,738	19,118	7,238	3,244	98	357,252
TOTAL GROSS INCREMENT	4,752,832	3,189,163	2,753,236	2,422,613	1,660,798	881,345	15,659,987
HOUSING SET ASIDE @ 20% (1)	**950,566**	**637,833**	**550,647**	**484,523**	**332,160**	**176,269**	**3,131,997**

(1) Amounts shown represent gross housing set-aside revenues which have not been reduced to reflect pre-existing obligations of the Agency payable from housing set-aside revenues.

Source: Riverside County Auditor-Controller

Table 8
Redevelopment Agency of the City of Riverside
Housing Tax Increment Projection
Multiple Redevelopment Project Areas

Fiscal Year	Merged DT/Airport	Merged UV/Sycamore	Arlington	Magnolia Center	Housing Total (1)
2004-05	1,588,399	1,035,170	332,160	176,269	3,131,997
2005-06	1,650,481	1,056,470	376,922	214,981	3,298,854
2006-07	1,691,286	1,136,847	410,360	238,634	3,477,127
2007-08	1,727,585	1,178,305	433,823	254,063	3,593,775
2008-09	1,761,845	1,203,576	457,972	269,981	3,693,374
2009-10	1,796,848	1,229,709	482,604	286,217	3,795,378
2010-11	1,832,551	1,256,364	507,729	302,778	3,899,422
2011-12	1,868,968	1,283,553	533,357	319,670	4,005,547
2012-13	1,906,113	1,311,285	559,497	336,900	4,113,795
2013-14	1,944,001	1,339,572	586,159	354,475	4,224,208
2014-15	1,982,647	1,368,425	613,355	372,401	4,336,829
2015-16	2,022,066	1,397,855	641,095	390,686	4,451,702
2016-17	2,062,273	1,427,874	669,390	409,336	4,568,873
2017-18	2,103,285	1,458,492	698,251	428,359	4,688,387
2018-19	2,145,116	1,489,724	727,689	447,763	4,810,291
2019-20	2,187,785	1,521,579	757,715	467,555	4,934,634
2020-21	2,231,306	1,554,072	788,342	487,743	5,061,463
2021-22	1,909,554	1,587,215	819,582	508,334	4,824,685
2022-23	1,942,956	1,621,021	851,447	529,337	4,944,761
2023-24	987,564	1,655,502	883,948	550,761	4,077,776
2024-25	994,441	1,690,674	917,100	572,613	4,174,828
2025-26	1,001,456	1,726,549	950,915	594,901	4,273,821
2026-27	690,187	1,763,141	985,406	617,636	4,056,371
2027-28	697,485	1,484,973	1,020,587	640,825	3,843,871
2028-29	704,929	1,516,785	1,007,668	664,479	3,893,860
2029-30	712,522	1,549,233	1,043,246	688,605	3,993,606
2030-31	286,884	1,582,330	1,079,537	713,213	3,661,964
2031-32	294,784	1,616,089	1,116,553	738,314	3,765,740
2032-33	302,841	1,650,523	1,154,309	763,917	3,871,591
2033-34	311,060	751,948	1,192,821	790,032	3,045,861
2034-35	-	39,228	1,232,102	816,670	2,088,000
2035-36	-	40,519	1,272,170	843,840	2,156,528

(1) Amounts shown represent gross housing revenues which have not been reduced to reflect any pre-existing olbigations of the Agency which are payable from housing set-aside revenues. See accompanying tables for assumptions utilized to estimate housing set-aide revenues.

Table 8.1
Redevelopment Agency of the City of Riverside
Tax Increment Projection
Merged Downtown/Airport Redevelopment Project

Fiscal Year	Assessed Values (1) Prior Real	Prior Other	Appeals (2)	New (3) Development	Total Value	Less Base 162,212,525	Gross Tax Revenue (4)	Housing (5) Set Aside
2004-05	788,348,496	135,308,182	-	-	923,656,678	761,444,153	7,941,996	1,588,399
2005-06	804,115,466	135,308,182	(21,514,177)	36,788,293	954,697,764	792,485,239	8,252,406	1,650,481
2006-07	835,471,891	135,308,182	-	4,320,000	975,100,073	812,887,548	8,456,429	1,691,286
2007-08	856,501,329	135,308,182	-	1,440,000	993,249,511	831,036,986	8,637,924	1,727,585
2008-09	875,071,356	135,308,182	-	-	1,010,379,538	848,167,013	8,809,224	1,761,845
2009-10	892,572,783	135,308,182	-	-	1,027,880,965	865,668,440	8,984,238	1,796,848
2010-11	910,424,238	135,308,182	-	-	1,045,732,420	883,519,895	9,162,753	1,832,551
2011-12	928,632,723	135,308,182	-	-	1,063,940,905	901,728,380	9,344,838	1,868,968
2012-13	947,205,378	135,308,182	-	-	1,082,513,560	920,301,035	9,530,564	1,906,113
2013-14	966,149,485	135,308,182	-	-	1,101,457,667	939,245,142	9,720,005	1,944,001
2014-15	985,472,475	135,308,182	-	-	1,120,780,657	958,568,132	9,913,235	1,982,647
2015-16	1,005,181,924	135,308,182	-	-	1,140,490,106	978,277,581	10,110,330	2,022,066
2016-17	1,025,285,563	135,308,182	-	-	1,160,593,745	998,381,220	10,311,366	2,062,273
2017-18	1,045,791,274	135,308,182	-	-	1,181,099,456	1,018,886,931	10,516,423	2,103,285
2018-19	1,066,707,100	135,308,182	-	-	1,202,015,282	1,039,802,757	10,725,582	2,145,116
2019-20	1,088,041,242	135,308,182	-	-	1,223,349,424	1,061,136,899	10,938,923	2,187,785
2020-21	1,109,802,067	135,308,182	-	-	1,245,110,249	1,082,897,724	11,156,531	2,231,306
2021-22	979,468,710	116,519,748	-	-	1,095,988,458	946,862,229	9,547,768	1,909,554
2022-23	996,170,115	116,519,748	-	-	1,112,689,863	963,563,634	9,714,782	1,942,956
2023-24	531,224,697	65,160,258	-	-	596,384,955	490,435,858	4,937,821	987,564
2024-25	534,663,222	65,160,258	-	-	599,823,480	493,874,383	4,972,206	994,441
2025-26	538,170,518	65,160,258	-	-	603,330,776	497,381,679	5,007,279	1,001,456
2026-27	397,349,505	44,687,681	-	-	442,037,186	343,355,705	3,450,937	690,187
2027-28	400,998,496	44,687,681	-	-	445,686,177	347,004,696	3,487,427	697,485
2028-29	404,720,467	44,687,681	-	-	449,408,148	350,726,667	3,524,647	704,929
2029-30	408,516,877	44,687,681	-	-	453,204,558	354,523,077	3,562,611	712,522
2030-31	197,489,254	17,716,960	-	-	215,206,214	142,811,201	1,434,420	286,884
2031-32	201,439,039	17,716,960	-	-	219,155,999	146,760,986	1,473,918	294,784
2032-33	205,467,820	17,716,960	-	-	223,184,780	150,789,767	1,514,206	302,841
2033-34	209,577,177	17,716,960	-	-	227,294,137	154,899,124	1,555,299	311,060
2034-35	-	-	-	-	-	-	-	-
2035-36	-	-	-	-	-	-	-	-

(1) Real Property, which includes land and improvements, is assumed to increase by the maximum inflationary increase allowable under Proposition 13, :
Other property, which is primarily personal property, is assumed to remain constant at 2004-05 reported levels.
(2) See Table 5.1.
(3) Includes new development and other taxable value adjustements. See Table 9.1.
(4) Calculated at a 1.0% tax rate, plus unitary revenue. See Fiscal Report for additional information.
(5) Amounts shown represent gross revenues which have not been reduced to reflect any pre-existing obligations of the Agency which may be payable from housing set-aside revenues.

Table 8.2
Redevelopment Agency of the City of Riverside
Tax Increment Projection
Merged University Corridor/Sycamore Canyon Redevelopment Project

Fiscal Year	Assessed Values (1) Prior Real	Prior Other	Appeals (2)	New (3) Development	Total Value	Less Base 107,359,759	Gross Tax Revenue (4)	Housing (5) Set Aside
2004-05	569,118,394	53,190,608	-	-	622,309,002	514,949,243	5,175,848	1,035,170
2005-06	580,500,762	53,190,608	(19,184,000)	18,452,000	632,959,369	525,599,610	5,282,352	1,056,470
2006-07	591,378,777	53,190,608	-	28,578,500	673,147,885	565,788,126	5,684,237	1,136,847
2007-08	631,784,852	53,190,608	-	8,901,000	693,876,460	586,516,701	5,891,523	1,178,305
2008-09	653,321,549	53,190,608	-	-	706,512,157	599,152,398	6,017,880	1,203,576
2009-10	666,387,980	53,190,608	-	-	719,578,588	612,218,829	6,148,544	1,229,709
2010-11	679,715,740	53,190,608	-	-	732,906,348	625,546,589	6,281,822	1,256,364
2011-12	693,310,055	53,190,608	-	-	746,500,663	639,140,904	6,417,765	1,283,553
2012-13	707,176,256	53,190,608	-	-	760,366,864	653,007,105	6,556,427	1,311,285
2013-14	721,319,781	53,190,608	-	-	774,510,389	667,150,630	6,697,862	1,339,572
2014-15	735,746,177	53,190,608	-	-	788,936,785	681,577,026	6,842,126	1,368,425
2015-16	750,461,100	53,190,608	-	-	803,651,708	696,291,949	6,989,275	1,397,855
2016-17	765,470,322	53,190,608	-	-	818,660,930	711,301,171	7,139,368	1,427,874
2017-18	780,779,728	53,190,608	-	-	833,970,336	726,610,577	7,292,462	1,458,492
2018-19	796,395,323	53,190,608	-	-	849,585,931	742,226,172	7,448,618	1,489,724
2019-20	812,323,230	53,190,608	-	-	865,513,838	758,154,079	7,607,897	1,521,579
2020-21	828,569,694	53,190,608	-	-	881,760,302	774,400,543	7,770,361	1,554,072
2021-22	845,141,088	53,190,608	-	-	898,331,696	790,971,937	7,936,075	1,587,215
2022-23	862,043,910	53,190,608	-	-	915,234,518	807,874,759	8,105,104	1,621,021
2023-24	879,284,788	53,190,608	-	-	932,475,396	825,115,637	8,277,512	1,655,502
2024-25	896,870,484	53,190,608	-	-	950,061,092	842,701,333	8,453,369	1,690,674
2025-26	914,807,893	53,190,608	-	-	967,998,501	860,638,742	8,632,743	1,726,549
2026-27	933,104,051	53,190,608	-	-	986,294,659	878,934,900	8,815,705	1,763,141
2027-28	795,298,087	37,941,851	-	-	833,239,938	741,183,625	7,424,864	1,484,973
2028-29	811,204,048	37,941,851	-	-	849,145,899	757,089,586	7,583,924	1,516,785
2029-30	827,428,129	37,941,851	-	-	865,369,980	773,313,667	7,746,165	1,549,233
2030-31	843,976,692	37,941,851	-	-	881,918,543	789,862,230	7,911,650	1,582,330
2031-32	860,856,226	37,941,851	-	-	898,798,077	806,741,764	8,080,446	1,616,089
2032-33	878,073,350	37,941,851	-	-	916,015,201	823,958,888	8,252,617	1,650,523
2033-34	447,589,421	12,187,907	-	-	459,777,328	375,394,733	3,759,741	751,948
2034-35	32,267,398	1,127,444	-	-	33,394,842	19,613,148	196,141	39,228
2035-36	32,912,746	1,127,444	-	-	34,040,190	20,258,496	202,595	40,519

(1) Real Property, which includes land and improvements, is assumed to increase by the maximum inflationary increase allowable under Proposition 13, 2.
Other property, which is primarily personal property, is assumed to remain constant at 2004-05 reported levels.
(2) See Table 5.2.
(3) Includes new development and other taxable value adjustements. See Table 9.2.
(4) Calculated at a 1.0% tax rate, plus unitary revenue. See Fiscal Report for additional information.
(5) Amounts shown represent gross revenues which have not been reduced to reflect any pre-existing obligations of the Agency which may be payable from housing set-aside revenues.

Table 8.3
Redevelopment Agency of the City of Riverside
Housing Tax Increment Projection
Arlington Redevelopment Project Area

Fiscal Year	Assessed Values (1) Prior Real	Prior Other	Appeals (2)	New (3) Development	Total Value	Less Base 442,244,105	Gross Tax Revenue (4)	Housing (5) Set Aside
2004-05	552,900,935	55,098,611	-	-	607,999,546	165,755,441	1,660,798	332,160
2005-06	563,958,954	55,098,611	(4,996,940)	16,320,000	630,380,625	188,136,520	1,884,609	376,922
2006-07	586,561,193	55,098,611	-	5,440,000	647,099,804	204,855,699	2,051,801	410,360
2007-08	603,732,416	55,098,611	-	-	658,831,027	216,586,922	2,169,113	433,823
2008-09	615,807,065	55,098,611	-	-	670,905,676	228,661,571	2,289,860	457,972
2009-10	628,123,206	55,098,611	-	-	683,221,817	240,977,712	2,413,021	482,604
2010-11	640,685,670	55,098,611	-	-	695,784,281	253,540,176	2,538,646	507,729
2011-12	653,499,384	55,098,611	-	-	708,597,995	266,353,890	2,666,783	533,357
2012-13	666,569,371	55,098,611	-	-	721,667,982	279,423,877	2,797,483	559,497
2013-14	679,900,759	55,098,611	-	-	734,999,370	292,755,265	2,930,797	586,159
2014-15	693,498,774	55,098,611	-	-	748,597,385	306,353,280	3,066,777	613,355
2015-16	707,368,749	55,098,611	-	-	762,467,360	320,223,255	3,205,477	641,095
2016-17	721,516,124	55,098,611	-	-	776,614,735	334,370,630	3,346,950	669,390
2017-18	735,946,447	55,098,611	-	-	791,045,058	348,800,953	3,491,254	698,251
2018-19	750,665,376	55,098,611	-	-	805,763,987	363,519,882	3,638,443	727,689
2019-20	765,678,683	55,098,611	-	-	820,777,294	378,533,189	3,788,576	757,715
2020-21	780,992,257	55,098,611	-	-	836,090,868	393,846,763	3,941,712	788,342
2021-22	796,612,102	55,098,611	-	-	851,710,713	409,466,608	4,097,910	819,582
2022-23	812,544,344	55,098,611	-	-	867,642,955	425,398,850	4,257,233	851,447
2023-24	828,795,231	55,098,611	-	-	883,893,842	441,649,737	4,419,741	883,948
2024-25	845,371,136	55,098,611	-	-	900,469,747	458,225,642	4,585,500	917,100
2025-26	862,278,558	55,098,611	-	-	917,377,169	475,133,064	4,754,575	950,915
2026-27	879,524,129	55,098,611	-	-	934,622,740	492,378,635	4,927,030	985,406
2027-28	897,114,612	55,098,611	-	-	952,213,223	509,969,118	5,102,935	1,020,587
2028-29	889,467,050	52,830,580	-	-	942,297,630	503,822,629	5,038,338	1,007,668
2029-30	907,256,391	52,830,580	-	-	960,086,971	521,611,970	5,216,232	1,043,246
2030-31	925,401,519	52,830,580	-	-	978,232,099	539,757,098	5,397,683	1,079,537
2031-32	943,909,550	52,830,580	-	-	996,740,130	558,265,129	5,582,763	1,116,553
2032-33	962,787,741	52,830,580	-	-	1,015,618,321	577,143,320	5,771,545	1,154,309
2033-34	982,043,495	52,830,580	-	-	1,034,874,075	596,399,074	5,964,103	1,192,821
2034-35	1,001,684,365	52,830,580	-	-	1,054,514,945	616,039,944	6,160,511	1,232,102
2035-36	1,021,718,053	52,830,580	-	-	1,074,548,633	636,073,632	6,360,848	1,272,170

(1) Real Property, which includes land and improvements, is assumed to increase by the maximum inflationary increase allowable under Proposition 13, 2. Other property, which is primarily personal property, is assumed to remain constant at 2004-05 reported levels.
(2) See Table 5.3.
(3) Includes new development and other taxable value adjustements. See Table 9.3.
(4) Calculated at a 1.0% tax rate, plus unitary revenue. See Fiscal Report for additional information.
(5) Amounts shown represent gross revenues which have not been reduced to reflect any pre-existing obligations of the Agency which may be payable from housing set-aside revenues.

Table 8.4
Redevelopment Agency of the City of Riverside
Housing Tax Increment Projection
Magnolia Center Redevelopment Project Area

Fiscal Year	Assessed Values (1) Prior Real	Prior Other	Appeals (2)	New (3) Development	Total Value	Less Base 311,436,692	Gross Tax Revenue (4)	Housing (5) Set Aside
2004-05	359,050,016	40,511,383			399,561,399	88,124,707	881,345	176,269
2005-06	366,231,016	40,511,383	(873,558)	13,048,370	418,917,211	107,480,519	1,074,903	214,981
2006-07	385,730,448	40,511,383	-	4,501,891	430,743,722	119,307,030	1,193,168	238,634
2007-08	397,946,948	40,511,383		-	438,458,331	127,021,639	1,270,314	254,063
2008-09	405,905,887	40,511,383			446,417,270	134,980,578	1,349,904	269,981
2009-10	414,024,005	40,511,383			454,535,388	143,098,696	1,431,085	286,217
2010-11	422,304,485	40,511,383			462,815,868	151,379,176	1,513,890	302,778
2011-12	430,750,574	40,511,383			471,261,957	159,825,265	1,598,351	319,670
2012-13	439,365,586	40,511,383			479,876,969	168,440,277	1,684,501	336,900
2013-14	448,152,898	40,511,383			488,664,281	177,227,589	1,772,374	354,475
2014-15	457,115,956	40,511,383			497,627,339	186,190,647	1,862,004	372,401
2015-16	466,258,275	40,511,383			506,769,658	195,332,966	1,953,428	390,686
2016-17	475,583,440	40,511,383			516,094,823	204,658,131	2,046,679	409,336
2017-18	485,095,109	40,511,383			525,606,492	214,169,800	2,141,796	428,359
2018-19	494,797,011	40,511,383			535,308,394	223,871,702	2,238,815	447,763
2019-20	504,692,951	40,511,383			545,204,334	233,767,642	2,337,774	467,555
2020-21	514,786,810	40,511,383			555,298,193	243,861,501	2,438,713	487,743
2021-22	525,082,547	40,511,383			565,593,930	254,157,238	2,541,670	508,334
2022-23	535,584,198	40,511,383			576,095,581	264,658,889	2,646,687	529,337
2023-24	546,295,881	40,511,383			586,807,264	275,370,572	2,753,804	550,761
2024-25	557.221,799	40,511,383			597,733,182	286,296,490	2,863,063	572,613
2025-26	568,366,235	40,511,383			608,877,618	297,440,926	2,974,507	594,901
2026-27	579,733,560	40,511,383			620,244,943	308,808,251	3,088,181	617,636
2027-28	591,328,231	40,511,383			631,839,614	320,402,922	3,204,127	640,825
2028-29	603,154,796	40,511,383			643,666,179	332,229,487	3,322,393	664,479
2029-30	615,217,892	40,511,383			655,729,275	344,292,583	3,443,024	688,605
2030-31	627,522,249	40,511,383			668,033,632	356,596,940	3,566,067	713,213
2031-32	640,072,694	40,511,383			680,584,077	369,147,385	3,691,572	738,314
2032-33	652,874,148	40,511,383			693,385,531	381,948,839	3,819,586	763,917
2033-34	665,931,631	40,511,383			706,443,014	395,006,322	3,950,161	790,032
2034-35	679,250,264	40,511,383			719,761,647	408,324,955	4,083,348	816,670
2035-36	692,835,269	40,511,383			733,346,652	421,909,960	4,219,198	843,840

(1) Real Property, which includes land and improvements, is assumed to increase by the maximum inflationary increase allowable under Proposition 13, 2. Other property, which is primarily personal property, is assumed to remain constant at 2004-05 reported levels.
(2) See Table 5.4.
(3) Includes new development and other taxable value adjustements. See Table 9.4.
(4) Calculated at a 1.0% tax rate, plus unitary revenue. See Fiscal Report for additional information.
(5) Amounts shown represent gross revenues which have not been reduced to reflect any pre-existing obligations of the Agency which may be payable from housing set-aside revenues.

Table 9.1
Redevelopment Agency of the City of Riverside
Downtown/Airport Merged Project Area
Schedule of Taxable Value Adjustments

Description	Project Area	Sq Ft/# of Units	Net Added	Start	Complete
Merged Downtown/Airport (1)					
Correction of AV Assignment Error					
Riverside Healthcare	Downtown/1975	N/A	50,253,510		Dec-05
Taxable Value Reduction:					
Harvest Christian Fellowship Exemption	Airport/Original	N/A	(17,201,650)		Dec-05
Public Acquisition - Other (2)	Downtown/Original	N/A	(5,000,000)	Jan-04	Jan-05
Market Street Corporate Center			-		
Land	Downtown/1985	310,000	1,316,533		Aug-04
Office - Phase 1	Downtown/1985	60,000	7,200,000	Aug-04	Aug-05
1st & Market Single Family Homes					
Phase 1	Downtown/1985	28	Complete		Complete
Phase 2	Downtown/1985	10	1,000,000		Aug-04
Phase 3	Downtown/1985	10	2,399,900		Dec-04
Tamale Factory Relocation (New Const)	Downtown/Original	9,000	1,580,000	Apr-04	Dec-04
PIP Printing/ Relocation and Rehabilitation	Downtown/Original	N/A	1,000,000	Jan-04	Dec-04
TOTAL DOWNTOWN/AIRPORT	**N/A**	**N/A**	**42,548,293**	**N/A**	**N/A**

(1) Only those projects which were able to be confirmed as currently under construction are included.

Source: Redevelopment Agency Staff and DHA Consulting

Table 9.2
Redevelopment Agency of the City of Riverside
University Corridor/Sycamore Canyon Merged Project Area
Schedule of Taxable Value Adjustments

Description	Project Area	Sq Ft/# of Units	Net Added	Start	Complete
Merged University Corridor/Sycamore Canyon (1)					
University Village					
Student Housing Phase I (1)	Univ Corridor/1985	149	On Hold	TBD	TBD
Riverside Gateway (Marketplace Infill)					
Office/Parcel 5 - Phase 1	Univ Corridor/1985	46,000	900,000	Dec-03	Nov-03
Office/Parcel 5 - Phase 2	Univ Corridor/1985	46,000	4,300,000	Nov-03	Jun-04
Syc Cnyn Space Center - Phase 2	Sycamore/Original	462,700	13,880,000	Aug-04	Aug-05
Eastside Business Center					
Phase 1	Sycamore/Original	101,000	3,535,000	Mar-04	Mar-05
Phase 2	Sycamore/Original	70,100	2,453,500	Jun-04	Jun-05
Phase 3	Sycamore/Original	57,800	2,023,000	Sep-04	Sep-05
Panattoni Development					
Phase 1 (Single Building)	Sycamore/Original	980,000	24,500,000	Jun-04	May-05
Sycamore Canyon Commerce Center					
Phase 1	Sycamore/Original	124,000	4,340,000	Sep-04	Sep-05
TOTAL UV/SYCAMORE CANYON	**N/A**	**1,887,749**	**55,931,500**	**N/A**	**N/A**

(1) Only those projects which were able to be confirmed as currently under construction are included.

Source: Redevelopment Agency Staff and DHA Consulting

Table 9.3
Redevelopment Agency of the City of Riverside
Arlington Redevelopment Project
Schedule of Taxable Value Adjustments

Description	Project Area	Sq. Ft/# of Units	Net Added	Start	Complete
Arlington Redevelopment Project (1)					
Fairfield Multi-family Housing					
Land	1999 Annex		Complete		Mar-03
Apartments/1 and 2 bdrm	1999 Annex	256	21,760,000	Mar-03	Mar-05
TOTAL ARLINGTON	**-**	**N/A**	**21,760,000**	**N/A**	**N/A**

(1) Only those projects which were able to be confirmed as currently under construction are included.

Source: Redevelopment Agency Staff and DHA Consulting

Table 9.4
Redevelopment Agency of the City of Riverside
Magnolia Center Redevelopment Project
Schedule of Taxable Value Adjustments

Description	Project Area	Sq. Ft/Units	Net Added	Start	Complete
Demolition					
Riverside Plaza - Demolition					
Mall (Trader Joes, Savon, etc)	N/A	500,000	Completed	Jan-03	Sep-03
Montgomery Wards	N/A		Completed	Jan-03	Sep-03
Vons	N/A		Completed	Oct-03	Nov-03
TOTAL DEMOLITION		**500,000**	**-**	**N/A**	**N/A**
New Development (1)					
Riverside Plaza - Completed or Under Construction					
Trader Joes (pad)	N/A	10,000	Completed	Sep-02	Jun-03
Island's Restaurant (pad)	N/A	5,500	Completed	Oct-02	Mar-03
Sav-On (pad)	N/A	16,000	Completed	Jan-03	Nov-03
Walgreens	N/A	12,804	Completed	Jan-03	Sep-03
Main Street Retail - S1 to S3	N/A	50,481	4,290,885	Jan-04	Nov-04
16-Screen Theater & Rest	N/A	66,750	5,673,750	Jan-04	Nov-04
Vons (separate parcel)	N/A	55,000	6,050,000	Jan-04	Nov-04
Wendy's (pad)	N/A	3,500	787,500	May-04	Sep-04
Fazolis Restaurant	N/A	3,325	748,125	May-04	Sep-04
TOTAL UNDER CONSTRUCTION	N/A	**223,360**	**17,550,260**	**N/A**	**N/A**
TOTAL MAGNOLIA CENTER	**N/A**	**N/A**	**17,550,260**	**N/A**	**N/A**

(1) Only those projects which were able to be confirmed as currently under construction are included.

Source: Redevelopment Agency Staff and DHA Consulting

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